

## Repackaging Bob Dole: Courage or Convictions?

By Katharine Q. Seelye  
New York Times Service

WASHINGTON — What catches the eye in Bob Dole's otherwise generic presidential campaign headquarters here is a huge black-and-white photograph of the candidate as a fresh-faced GI, his visored dress hat set at a jaunty 1940s "can-do" angle.

At first, the picture seems a throwback to an era that the campaign might prefer to ignore, a reminder that Senator Dole, whom Kansans have been sending to Washington since 1961, is old enough at 72 to be

of his campaign. The youthful soldier he once was will be portrayed, not as a relic, but as the foundation of the man who has led the Republicans in the Senate for almost 11 years, longer than anyone else. He will be depicted as a decisive, experienced man of action who, as he often says, can get things done.

The image is meant to contrast sharply with that of the baby boomer in the White House, who was not born until 1946, a year after Mr. Dole had earned two Bronze Stars, and who skirted service in his own generation's war. The message will be, as Mr. Dole likes to put it, "It's time for adult leadership."

But before the campaign can play out these broad themes against President Bill Clinton, one hurdle remains: getting the nomination.

By almost any measure, Mr. Dole is far and away the leading Republican. In the year since the campaign began to take shape behind the scenes, none of his challengers have shown any serious traction against him. With more than \$24 million in the till, 20 of the nation's 31 Republican governors working their states for him and a deeper organization than he fielded in his two prior, and failed, efforts for the nomination, his candidacy carries an enviable aura of inevitability.

"We're in control of our own fate," said William B. Lacy, deputy campaign manager. "Short of some huge external force, which I can't even conceive of, coming into play, if we run the right kind of campaign in the next several weeks, we will be the nominee."

Still, the campaign is mindful that not a single vote has been cast, and that Mr. Dole did run into trouble before, losing in the early primaries in 1980 to Ronald Reagan and in 1988 to George Bush. Applefield in Italy.

### CAMPAIGN '96 Presidential Contenders

First in a series



the father of some of his rivals, and that his campaign is the last presidential outing for the World War II generation.

But in the idealized world of campaign packaging, as the Dole team tries to find a new way to present a man all too familiar after three national campaigns, the Bob Dole in this half-century-old portrait is precisely the one the campaign wants to project — energetic and indomitable, his character and determination already forged by the poverty of his youth and about to be burnished again through years of rehabilitation after nearly dying on a battlefield in Italy.

Mr. Dole's gripping life story will form the heart

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Necmettin Erbakan, leader of the victorious pro-Islamic Welfare Party, in Ankara on Tuesday.

## Turk Parties Hold Talks to Bar Islamists From Power

Ciller and Opposition Agree to Hammer Out A Coalition With Left

Compiled by Our Staff From Dispatches

ANKARA — Pro-Western politicians closed ranks on Tuesday in a bid to prevent the Islamist Welfare Party from coming to power after it narrowly won general elections during the weekend.

Prime Minister Tansu Ciller and her rival conservative leader, Mesut Yilmaz, agreed to work for a coalition supported by leftists to block the Welfare Party.

"I have said we would welcome a coalition with ANAP, and I repeat that," Mrs. Ciller said, referring to the Motherland Party.

"Our aim is to go towards a wide-based government," she told a joint news conference after meeting Mr. Yilmaz, the Motherland Party leader.

Shares on Istanbul's stock exchange surged by an average 5.33 percent on the news that Mrs. Ciller and Mr. Yilmaz were meeting.

The anti-Western Islamists won just over 21 percent of Sunday's votes but do not have enough seats to govern alone. The Motherland Party and Mrs. Ciller's rightist True Path Party won almost 40 percent of the vote between them.

The Welfare Party's victory was the first at a general election by an Islamist party in Turkey's 72 years as a secular republic. The party has ridden a wave of discontent at Mrs. Ciller's tough economic austerity plan.

Turkish business leaders and the press have long called for a conservative coalition to deal with such economic ills as 80 percent annual inflation and a stumbling privatization plan. Mr. Yilmaz said he hoped an alliance could be forged in the coming days.

Conservative unity has failed in the past because of the intense personal rivalry between Mrs. Ciller and Mr. Yilmaz. An attempt to ally their two parties in September ended when Mr. Yilmaz stormed out of a meeting with the prime minister, accusing her of disrespect.

The veteran Welfare Party leader Necmettin Erbakan, a fiery public speaker, toned down his anti-establishment rhetoric on Tuesday.

"We can form a coalition government with any of the other parties," he said at a news conference. "Coalition means compromise."

Mr. Erbakan said he had a coalition offer that could not be refused.

"No normal person can reject our offer," he said. He did not elaborate. "Our nation is waiting for service," Mr. Erbakan

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## Tokyo Plans to 'Fundamentally Change' Financial Policy

By Sheryl WuDunn  
New York Times Service

TOKYO — The Ministry of Finance announced sweeping changes Tuesday in the way it manages the country's banks, in hopes of ending a series of financial disasters that have harmed the nation's image around the world.

The measures are designed to thrust Japan's banks into the real world of the market, forcing them to thrive or fail by market discipline, officials said.

The announcement comes as the stock market is rising to new heights for the year, and the measures appear aimed at riding that crest of goodwill.

It also follows widespread criticism of Japanese officials' failure to promptly disclose late this summer more than a billion dollars in trading losses by Daiwa Bank's bond trading unit in New York. Ministry of Finance officials were informed of the scandal on Aug. 8, but never told American regulators. Daiwa did not tell U.S. authorities until late September, nearly two months after Toshiohide Iguchi, the trader who allegedly caused the losses, confessed to his superiors.

"It is necessary for Japan to make a drastic shift in its financial policy," said Finance Minister Masayoshi Takemura. "The package will fundamentally change Japan's financial policy."

In one of the frankest admissions of regulatory shortcomings by a top government official, Mr. Takemura said Tuesday that Japan's financial authorities needed to shed their conventional style of operating. He said they should "reflect on the failure" of financial supervision during the "bubble" years of the 1980s.

During that time, banks piled up mountains of bad loans, most of them in real estate, more than \$400 billion of which have gone sour since the collapse of the speculative bubble a few years ago.

"We should regard this as a sea change in the Ministry of Finance's approach to things," said Paul Heaton, an analyst at Deutsche Bank Capital Markets.

"They're saying to themselves: We are looking silly at the end of 1995, so we better find out what really is going on at the banks."

The Ministry of Finance has said before that it would increase supervision, and some of the new measures, which apply to all deposit-taking financial institutions, appeared to be embellishments of steps previously announced.

Paradoxically, the Finance Ministry has lost so much credibility because of its failure to prevent banking catastrophes that it may be difficult for it to entirely impose its will today.

In recent weeks, for example, the ministry has had to turn to the use of public

funds in mopping up a portion of the banking system's bad loans because it failed to force certain financial institutions to increase their contributions to the effort.

Nonetheless, the measures announced Tuesday were also an attempt to improve the "transparency" in a banking system that many foreign bankers view as opaque. Rules are not explicit and directives on major policies are not always disclosed to the public.

[Some analysts said the moves did not go far enough. "It's a good first step but a little one," Shinano Morita, an associate director at Standard & Poor's Corp., told Bloomberg

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## Unscathed, Korean Leader Manages a Skeptical Public

By Kevin Sullivan  
Washington Post Service

SEOUL — His motives have been questioned and his truthfulness has been scoffed at, but President Kim Young Sam appears to be emerging from the most scandalous days in modern South Korean history with barely a hair out of place.

"Most Koreans don't believe what Kim Young Sam says, but apart from that, what he is doing for the country is very positive," said Kim Sung Hee, a 39-year-old trading company manager, scurrying through a busy Seoul subway station.

Her qualified support for Mr. Kim reflects the feelings of many South Koreans. There is widespread skepticism about Mr. Kim's claims that he never benefited from the illegal \$650 million slush fund raised by his predecessor, Roh Tae Woo, who is now in jail facing corruption charges.

But there is a deep feeling here that Mr. Kim is performing a necessary national cleansing by pursuing the prosecution of Mr. Roh and of former President Chun Doo Hwan on corruption charges, as well as for their alleged roles in a December 1979

coup and May 1980 massacre of pro-democracy protesters in Kwangju.

"I have always felt that somebody must do this sometime," said Park Kwon Sang, a columnist who was editor of the Dong-A Ilbo, one of the country's leading newspapers, at the time of the Kwangju massacre. "He is doing the right thing."

The mix of feelings about Mr. Kim, as he finishes the third year of a five-year term, is ambivalent and often contradictory. Many people here say they dislike him, but they seem to be able to separate their feelings about the man from their opinions about his performance as president.

A poll of 1,000 South Koreans in the influential Chosun Ilbo last week showed that 58.5 percent of those interviewed thought Mr. Kim was doing a good job. That number is significantly better for Mr. Kim than it was a few months ago, before the scandals broke in October. In local elections in June, Mr. Kim's governing party was trounced in what many viewed as a slap at the president, particularly over his policy of more engagement toward North

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FREE — One of five South Korean fishermen released by the North being reunited Tuesday with his mother. Page 4.

## Drift Elsewhere, Cities Tell Homeless

By Sue Anne Pressley  
Washington Post Service

AUSTIN, Texas — Every night, the residents retire, hundreds of them disappearing into the alleys and abandoned buildings, into tents tucked deep in the woodlands or small encampments scattered along the creeks and rivers.

They are this city's homeless, and their numbers always swell this time of year, when snow begins to fall in the north, and

Austin's 75-degree December afternoons seem particularly inviting to the adventurous or the threadbare.

But here and in more than 40 cities across the nation, the homeless are receiving a grim message this winter as they face a determined push of new proposals and laws aimed at banishing them from the very places they seek out the most. Although proponents describe the measures as a forced response to an increasing and ever bolder homeless population, critics see the movement as proof of something more ominous: the growing hard-heartedness of America.

"It is an increasing trend in cities around the country to pass laws that essentially criminalize homelessness," said Maria Foscarinis, executive director of the National Law Center on Homelessness and Poverty in Washington.

"I think, at best, it reflects frustration on the part of local politicians and, at worst, an effort to blame the urban ills on homeless people," she said.

This is hardly a new problem. On any given night, Ms. Foscarinis and other advocates for the homeless said, there are about 700,000 homeless people in the United States, and local officials have long

debated how to address their needs while protecting the interests of merchants and property owners.

What is notable now is the forcefulness with which these communities are attacking the problem. The crackdown comes, homeless advocates assert, as budget cuts on every level also are shrinking the substance-abuse and job-training programs meant to help the homeless restore their lives.

Even more striking is that many of the cities in the vanguard of the get-tough approach are among the country's most liberal. Here, the City Council is nearing final approval of a law to ban camping in any public place — a shortsighted step, critics say, in a city generally viewed as the state's bastion of liberal sympathies.

In Boston, policemen recently began to crack down on the after-dark denizens of Boston Common. In Seattle, city officials have ordered a vigorous enforcement of its sidewalk and trespass laws, making it difficult, critics say, for the homeless even to sit down anymore in the downtown area. In New Orleans, an anti-camping law has just been proposed, designed to control the

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### AGENDA

#### Moscow VIP Lounge Seizure Foiled

MOSCOW (Reuters) — Russian airport police intervened Tuesday to prevent a group of businessmen from taking control of the VIP lounge at Moscow's main international airport, the Itar-Tass press agency said.

Anatoli Koryakin, director of Sheremetyevo-2 airport, said the businessmen from a company named as VIP Services had shown up in the lounge with a bailiff and police. Some in the group were armed with Kalashnikov automatic rifles.

"Thanks to the intervention of airport security officers, order was restored and work on receiving official delegations continued," Mr. Koryakin said.

The agency said VIP Services had been created by a former airport boss, but it was not immediately clear what property was at stake in the dispute. Airport officials were not available for comment.

Ownership disputes are common in Russia, where free market reforms have dismantled former Soviet monopolies and rival businesses vie for control.

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Israelis Ask: Why Give Up the Golan?

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Alarm in the Heights / The Price of Peace

# In the Golan, Israelis Wonder: 'Why Give It Up?'

By Serge Schmemmann  
New York Times Service

MOUNT HERMON, Golan Heights — There has not been much snow so far this year, certainly not enough to ski, but the slopes and the lifts of Mount Hermon were full over the Hanukkah break.

"We try to get up here as often as possible now," explained a woman with a distinctly American accent, chatting with soldiers on reserve duty at a mountain checkpoint while her children pelted each other with snowballs. "You never know when it might be the last time."

She had no need to elaborate. Among the visitors, soldiers and residents of the Heights, the sudden and intensive initiative launched by Prime Minister Shimon Peres to make peace with Syria means only one thing: that after 28 years, the Golan Heights may no longer be theirs.

"Of course, we all want peace," the woman continued, "but it's hard to imagine not having the Golan." The cluster of soldiers and visitors nodded sympathetically.

Beyond the checkpoint, two peaks bristled with huge military antennas, dishes and other high-tech listening gear focused on Syria, which stretched out in the haze below.

On a clear night, a pony-tailed reservist said, you can see the lights of Damascus only 40 miles (70 kilometers) away — as well as Lebanese smugglers winding their way down below the mountain.

Those antennas and the strategic view are the main reason Israel has been sitting firm atop the Golan Heights since it seized the region in the 1967 Arab-Israeli war. It is an article of faith among Israelis that the Heights are fundamental to Israel's security.

As long as the Syrians held the Heights, they constantly shelled the Israeli settlements below, and their tanks stood poised to slice into northern Israel.

But apart from security, to the families frolicking in the snow and to the million or so other Israelis who come to the Golan every year to hike or ski or just relax, it simply seems sad to contemplate giving up so nice a chunk of real estate.

With an area about the size of Rhode Island, this is Israel's little piece of Europe, with waterfalls, alpine gorges, apple orchards, placid dairy farms and, of course, the only ski slopes in the region. It is also the source of almost a third of Israel's water and, not unimportantly, some very pleasant wines.

It is also arguably one of the safest corners of the country, without a single rocket attack or terrorist bomb on record since 1974 and with virtually no crime.

Unlike the Jewish settlers in the West Bank, who rarely venture out of their fortified settlements without a pistol or an assault rifle, the 14,000 people who live here do not even lock their doors at night.

"So why give it up?" asked a soldier. It was a rhetorical question, and nobody ventured an answer.

his very first speech to parliament after the assassination of his predecessor, Yitzhak Rabin, he challenged President Hafez Assad of Syria to seize "the historic opportunity to bring a comprehensive peace to the whole region."

The week before last, Mr. Assad agreed through U.S. mediators to open exploratory talks Wednesday outside Washington.

"When we heard the speech, all the alarms went off," confessed Eli Malka, the chairman of the Golan Residents Committee, which represents the 32 settlements on the Golan, at his office in Katzrin, a clean town of 5,000 in the center of the Heights that serves as its administrative center.

A big sign on Mr. Malka's wall reads, "My Israel Includes the Golan," and next to it is a black-and-white photograph of Mr. Rabin, whose Labor Party won a large majority of the Golan's votes in 1992 after he assured residents that "it is inconceivable that we withdraw from the Golan Heights, even in peace."

Until Mr. Rabin's assassination, Mr. Malka said, the Golan residents were content that talks with Syria were stalled for a long time.

Now, he said, the residents are gearing up for a three-front struggle.

The first is in Parliament, where they are trying to find the single vote that would overturn Labor's slim majority.

The second is public relations, which will start soon with an onslaught of movies, advertisements and public debates. Mr. Malka's office already displays an impressive array of posters and pamphlets, including one in various languages and colors showing big red arrows from a Syrian-controlled Golan pointing to the Israeli port of Haifa, only 36 miles away.

"The third track is within the Golan, to keep people from turning desperate," Mr. Malka said. "The population has been going through a crisis for the past three years, and we have to keep up the morale, to continue building and working."

"Most people in the Golan voted for Labor, which is now proposing to destroy what they worked for their whole life," Mr. Malka added.

"Some people have been here 25, 30 years. They built a life here with the consensus of all governments. Now it's up and down; it's a very tense situation. We feel we're refugees in our own country. How can we explain to our children that this is peace if so much has to be destroyed?"

THE talk sounded familiar, echoing the bitterness of Jewish settlers in the West Bank over agreements granting Palestinians self-rule. But Golan residents resent any such comparison — they view themselves in an entirely different light, and most Israelis would agree.

Many of the Israelis who settled the West Bank did so as an ideological or religious claim to what they regarded as the biblical heritage of the Jews and they never went beyond building bedroom communities.

Golan settlers were generally Israelis of the original Zionist mold who went to the Heights in response to a call for people to work the land, and they developed some of the best farms in Israel. Though some do make historic claims to the land, most have not displayed the ideological fervor of West Bank settlers.



Settlers frolicking on Mount Hermon and, below, Israeli soldiers taking a break from tank exercises in the Golan. The strategic heights are key to peace with Syria.



for several years not knowing what next," said Dora Sheen in her office at the Merom Golan kibbutz, the first formed in the Golan after the 1967 war.

"I have four children," she said. "My mother lives here. All my friends are here. We have invested so much work and money and vision to make a home that everybody will really love."

Israelis have always known that at some point they will have to decide between the security and beauty of the Golan and the peace that they have so ardently sought. And peace would mean that the settlers would have to go, leaving behind the prosperous orchards and farms that they proudly built over 28 years.

So would Mr. Malka move?

"It depends how it was decided," he said. "If there's a referendum and people made the decision, we'll accept the decision. If there's no referendum, no election, and just a hurried vote in the Knesset, then we won't accept. In that case there will be a struggle." He added, "But in either case, I'd prefer to stay here."

**COMING UP**  
Like Chile, Argentina and other Latin American countries, Honduras has discovered how difficult and dangerous it can be to come to grips with the state-sponsored violence of its recent past.

## 119 Die in South Africa Flash Flood; Shantytown Toll Seen Rising Sharply

Compiled by Our Staff From Dispatches  
PIETERMARITZBURG, South Africa — The bodies of 119 people swept away from their shantytown in a flash flood on Christmas Day had by late Tuesday been pulled from the swollen Umsindusi River here, the police said.

A police spokesman said relatives of missing people were helping police and army troops scour the muddy riverbanks, and the death toll was expected to climb far higher.

Police divers were plucked the river for corpses, and a police helicopter was assisting in the search, he added.

"The mortuaries are full of bodies," the spokesman said. "And we're still picking up more."

All of the victims had drowned, he added.

KwaZulu-Natal provincial authorities, meanwhile, declared Pietermaritzburg, the

provincial capital, a disaster area Tuesday.

Rescuers said more than 1,000 people were left homeless by the flash flood, which swept through Edendale, a crowded black township 10 kilometers from here, late on Christmas Day.

The rescuers said adverse weather conditions were hampering efforts to get blankets and food to those affected by the flood before nightfall.

Security forces evacuated people whose homes were under water. Some were plucked from their rooftops by helicopters.

He said the flood had caused a lot of damage in the Edendale valley, through which the normally placid Umsindusi flows.

Victims had taken refuge at police stations and community halls, he added.

Enock Nhlanguela said he had lost nine relatives.

"So far we have recovered

four bodies. But we are still missing five relatives, including my three-week old sister."

"I was lucky," he added, "because I went to visit friends when the heavy rains came. When I returned I found everyone and everything inside the house had been washed away."

Pendukile Masikane, 50, said she had lost her husband and a daughter.

"The water came inside and washed everything away including my husband and my child. I managed to make it to safety, but I have lost everything, even my house was swept away," she said.

Russel Ndlovu, who has lived in the area for 30 years, said the floods were the worst experienced in his lifetime.

Many shacks were washed away. Residents were being assisted to build makeshift homes.

(AFP, Reuters)

## Liberian Refugees Head Home as Border Reopens

The Associated Press  
GANTA, Liberia — About 20,000 Liberians living in refugee camps in southern Guinea have begun heading home after a yearlong closure of the border was lifted.

The border between the two West African countries was closed last year by the rebel leader Charles Taylor to prevent rival rebels from gaining ground toward his central Liberia stronghold.

The border closure at Ganta, a town that straddles the major crossing point from southern Guinea into north-central Liberia, was lifted on Christmas Eve.

Thousands of refugees in neighboring countries, including many of the 350,000 refugees in Ivory Coast, tried to get home to celebrate Christmas.

A cease-fire in the six-year Liberian civil war took effect in August.

## Snow and Rain Sweep North Europe

LONDON (Reuters) — Snow-laden Arctic winds swept across northern Europe, leaving thousands without power in Scotland on Tuesday and one man dead and nine missing when a Russian trawler sank off Norway.

Denmark had its first white Christmas in 14 years.

In Britain, about 3,000 homes in the Shetland Isles, the Western Isles and the Scottish mainland were without power after some of the worst blizzards in memory over the weekend.

In eastern France, heavy rain caused the Doubs and Loue rivers to burst their banks on Monday, flooding the town of Besançon and surrounding villages. The floodwaters began receding Tuesday.

## Marseille Transit Strike Prolonged

MARSEILLE (AP) — Striking bus and subway drivers, rare holdouts in a nationwide strike that crippled France, voted Tuesday to continue their three-week walkout in Marseille.

The strike has paralyzed all public transport in the southern port city. The transit workers want the salaries of 300 colleagues hired since 1993 raised to levels more in line with those hired earlier.

A cold wave enveloped much of Japan with snow Tuesday, with delayed or canceled trains affecting more than 450,000 people. Vehicles were backed up on some highways for 60 kilometers (36 miles) as snowfall slowed down traffic, the Japan Traffic Information Center said. But no deaths were reported from the cold, the police said.

Commuters in the Chinese capital will pay up to five times

## Russians Ask U.S. For New Mir Deal Space Partnership Shaken By Cost Squeeze in Moscow

By Kathy Sawyer  
Washington Post Service

WASHINGTON — After a year of successes in orbit, the U.S.-Russian space partnership faces another test on the ground.

Two years after Russia became a partner in the U.S.-led project to build an international space station in orbit, Russian space officials, like other partners before them, want to change the terms. Citing political and economic difficulties at home, the Russians told NASA that, as one U.S. expert translated it, "They've bitten off more than they can chew."

That is the bad news. The good news, as space officials see it, is the reason for the Russians' dilemma: The Russian space agency has determined that its existing space station, Mir, can be used for scientific research for several years longer than anticipated — and presumably be available to Russia's new partners.

But the Russians say they cannot afford to maintain Mir while also helping a dozen other countries build a whole new facility.

The solution the Russians suggested is a nonstarter, according to U.S. officials. The Russians have proposed, for weeks, in the trade press, that instead of shutting down their own 10-year-old space station, Mir, in early 1998 as planned, NASA should make it a hub of the new international facility during the first few years of its construction in orbit.

U.S. space officials, under a mandate from Congress, have emphasized repeatedly since 1992 that they will not change the plan for the international space station — known as Alpha — especially not now that the project is enjoying the first sustained period of political and technical stability in its decade-long history.

"That's the one nonnegotiable item," the NASA administrator, Daniel S. Goldin, said in an interview. "You start taking 14 countries, probably 100 companies, and breaking agreed-on technical arrangements 'and that's how the space station got into trouble in the first place.'"

Instead, he said, NASA "has tried to come up with a solution that will enable the Russians to operate Mir as a national treasure" without interfering with the building of Alpha.

The U.S. share of the space station is budgeted at no more than \$2.1 billion a year.

"We're not rattling our swords," Mr. Goldin added.

"As long as they deal the cards off the top of the deck, and there's no hidden agenda, we'll work with them."

He said the results from Mir during the past year of joint orbital activities had been "stunning" in research data that will help astronauts build a new facility in space and in pure scientific research. He would like it to remain available to U.S. researchers.

The two sides confronted each other and the issue in Houston. The Russian delegation, led by Boris Ostroumov, deputy director-general for piloted space flight, discussed the Russians' 60-page proposal with the Americans in mid-December meetings at Johnson Space Center there.

While agreeing to consider the Russian proposal, the U.S. team countered with a plan that would reduce Russia's cost and logistical burdens in the late 1990s, while Mir is still functioning and the new facility is being built, officials said.

"We owe it to them as good partners, if we reject their proposals, to lay an option on the table that they might find acceptable," said Wilbur C. Trahan, NASA's deputy associate administrator for the space station. He and the space station program manager, Randy Brinkley, were the senior U.S. officials at the meetings.

The U.S. proposal — still in a preliminary stage, without cost analysis — is for the Russians to delay delivery of all their contributions except for those elements that are critical to the completion of the new space station, Mr. Goldin said.

"If they will just deliver those on schedule, we can continue to build the space station, no problem," he said.

And instead of building new laboratory modules for the new facility, he added, the Russians could decide to shift two of the most modern lab segments from Mir when the time comes.

"This saves them a barrel of cash," Mr. Goldin said. "And their science gets done on Mir until it outlives its usefulness in the late 1990s or even as late as 2002, he added."

In addition, he said, the U.S. plan would ease Russia's "unbelievable logistics problem" of having to supply launch services for both Mir and the new facility. For example, the reconfigured arrangement might require only one launch per year of the Russian Soyuz crew return vehicle, instead of four.

"It's win, win, win. Everybody's happy," Mr. Goldin said — if the Russians approve, and if it works out.

## TRAVEL UPDATE

more to ride buses and subways beginning Jan. 1, the Xinhua News Agency reported Tuesday. Fares on Beijing buses will be set at 0.50 yuan (6 cents). Subway fares will go up from the current 0.50 yuan (6 cents) to 2 yuan (about 25 cents). The prices of monthly subway and bus passes will double.

More than 38.32 million tourists visited China in the first 10 months of this year, and the number is expected to rise in 1996 because of the easing of visa restrictions, officials said on Tuesday.

Dhaka commuters faced another day of upheaval Tuesday as taxi drivers extended their protest strike against the police seizure of fake driving licenses.

## Correction

A front-page article in Tuesday's editions on peace talks between Israel and Syria misidentified the writer. It was written by John Lancaster of The Washington Post.

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Argentina	001-800-777-1111	Cyprus	00357-22-0101	Italy	177-103-2727	Poland	0048-22-11
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Bahamas	1-800-286-2111	El Salvador	00503-2-22-11	Korea	0082-2-22-11	South Africa	0027-11-11
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Barbados	00800-777	Ecuador	00593-2-22-11	Lithuania	00370-1-11	Sweden	0046-8-11
Belgium	1-800-877-8000	France	0033-1-11	Malaysia	0060-3-11	Switzerland	0041-1-11
Belize	00501-22-11	Germany	0049-30-11	Mexico	0052-5-11	Taiwan	00886-2-22-11
Bermuda	01-463-1111	Ghana	00233-1-11	Moldova	00373-1-11	Thailand	0066-2-22-11
Brazil	0055-11-11	Guatemala	00502-2-22-11	Monaco	00377-1-11	Turkey	0090-312-11
British Virgin Islands	001-800-777-8000	Honduras	00504-2-22-11	Netherlands	0031-20-11	Ukraine	00380-44-11
Bulgaria	00359-2-22-11	Hong Kong	00852-2-22-11	Netherlands Antilles	00599-1-11	United Kingdom (London)	0044-207-11
Cameroon	1-800-877-8000	Hungary	0036-1-11	Norway	0047-22-11	United States (New York)	1-800-4-A-SPRINT
Cayman Islands	1-800-366-4663	Iceland	00354-1-11	Poland	0048-22-11	USA (New York)	1-800-4-A-SPRINT
Chile	0056-2-22-11	India	0091-11-11	Portugal	00351-21-11	USA (Los Angeles)	1-800-4-A-SPRINT
China	0086-10-11	Indonesia (Indonesian)	001-800-13	Romania	0040-21-11	USA (San Francisco)	1-800-4-A-SPRINT

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## THE AMERICAS

## Costa Rican's Arrest Lifts Veil on Growing Smuggling of Illegal Aliens

By William Branigan  
Washington Post Service

WASHINGTON—Authorities in Latin America, acting on information provided by the United States, have broken up a major smuggling operation that used a sophisticated network and extensive bribery to funnel thousands of Asians and Latin Americans to the United States through Central America, U.S. officials said.

The arrest this month of Gloria Canales, a 40-year-old Costa Rican woman originally from Peru, is regarded by administration officials as a victory in the fight against international crime and a sign that trafficking in illegal immigrants is causing increased concern among Latin American governments.

The case also illustrates how the smuggling of people into the United States has

grown from relatively small-scale forays across the U.S.-Mexican border by guides known as "coyotes" into multimillion-dollar businesses spanning numerous countries.

Among those smuggled by Ms. Canales's organization have been thousands of Chinese and Indians who first made their way to Latin America, American officials said.

They said Ms. Canales was believed to have smuggled at least 10,000 people a year, charging up to \$6,000 a head for the Indians and Chinese. Most of those smuggled came from Latin American countries, the officials said.

The ring headed by Ms. Canales was part of a global maze of alien-trafficking networks that have sought to penetrate the United States by land, sea and air, according to U.S. intelligence reports, Central

America has become a major conduit for this smuggling in recent years because of its proximity to the United States, government corruption and lack of laws against the practice.

An interagency working group on alien trafficking estimates that in addition to the Latin Americans who are smuggled through Central America, "some 100,000 aliens from outside the region" pass through one or more Central American countries annually on their way to the United States.

In the last year, the working group reported, "the immigration directors in Panama, Belize and Guatemala were fired for accepting bribes from alien smugglers."

Ms. Canales, who first came to the attention of Immigration and Naturalization Service investigators a year and a half ago, was arrested earlier this month in Ecuador

and deported on Dec. 12 to Honduras via Miami. She is awaiting trial in Honduras on charges of smuggling, bribery, falsification of documents and homicide. She faces up to 30 years in prison if convicted.

According to American officials familiar with the case, Ms. Canales's organization has been blamed for the deaths of at least 10 people during the sometimes hazardous journey through Central America to the U.S.-Mexican border. Among the victims were three Indians who reportedly drowned in the Gulf of Fonseca between Honduras and El Salvador last summer, officials said.

Honduras, which American investigators say was formerly used by Ms. Canales as a smuggling way station, also has been wracked by bribery and corruption scandals related to the smuggling. Two senior immigration officials and a former foreign

minister have been arrested on charges of involvement in the trafficking, and the government of President Carlos Reina appears determined to crack down.

Honduras is the only Central American country in which smuggling of humans is a crime. For that reason, American officials helped persuade Ecuador to arrest Ms. Canales and deport her to Honduras.

"This whole effort is a direct outgrowth of President Clinton's war on transnational criminals," said Peter Romero, U.S. ambassador to Ecuador. He said the administration was urging other countries in the region to adopt similar laws against the smuggling of humans.

The arrest of Ms. Canales exposed a web of corruption stretching across the entire region, U.S. officials said. In a raid last weekend on a mansion she owns in Costa Rica, the sources said, Costa Rican au-

thorities found documents and computer records implicating senior officials of various governments, including military and immigration officers.

"I'm sure there will be some heads rolling," an American official said. He said the records included the names of contacts in the United States, although it was not yet known whether any American officials were on Ms. Canales's payroll.

Ms. Canales's people-smuggling network included "coyotes," airline officials and hotel owners from Peru to Mexico, as well as contacts in India and China, investigators said.

The Indians and Chinese often would fly in to the Ecuadorian capital, Quito, or the industrial center and port city of Guayaquil, where Ms. Canales would put them up in hotels before sending them north, the sources said.

## For Peruvians, Fizzy Yellow Drink Is the Real Thing

By Calvin Sims  
New York Times Service

LIMA — On a recent AeroPeru flight from Buenos Aires to Lima, a Peruvian passenger became snippy when a flight attendant told him that the airline had run out of Inca Kola but that there was plenty of Coca-Cola and Sprite.

"Drink something other than Inca Kola — that's sacrilege you are suggesting," Jaime Ramirez said jokingly. "That's like an Argentine eating beef from Bolivia, or a Brazilian wearing Bermuda shorts to the beach."

But with his thirst getting the best of him, Mr. Ramirez settled for "the next best thing" — a Sprite. "You got any yellow food coloring to go with that?" he asked.

Russia has its vodka, Germany has its beer, France has its wine, but Peru, well, it has Inca Kola — a fruity, greenish-yellow carbonated drink that many Peruvians savor almost as much as the British enjoy their afternoon tea.

Across this Andean country of 22 million people, from wealthy suburbs to shantytowns, fine French bistros to cheap Chinese restaurants, Peruvians of all backgrounds imbibe this sweet yellow soda almost as if it were their national drink.

In 1994, Peruvians drank 115 million liters of Inca Kola, and they are expected to consume 125 million liters (33 million gallons) by the end of 1995, making Inca Kola as popular in Peru as Coca-Cola.

In Peru, the soft drink has become a symbol of national pride and heritage, perhaps even a national treasure.

Many Peruvians believe that Inca Kola's blend of indigenous fruits makes it the perfect complement to the country's rich cuisine, which dates



Does Chinese food in Lima go better with Inca Kola? The drink has been likened to "liquid bubble gum."

back to the ancient Inca cultures and has influences of Spanish, African, Chinese, Italian, Japanese and European immigrants.

Inca Kola is most often consumed with *ceviche* (raw fish cut into slices and marinated), *aji de gallina* (shredded chicken with a sauce of milk, cheese, nuts and chili) and Chinese-Peruvian food. In fact, Inca Kola is the only soft drink served in many Chinese restaurants, which are known as *chifas*.

Luciano Tocco, head chef at Diez Sesenta, an Italian restaurant, says Inca Kola is his favorite drink because its light carbonation and subtle fruity flavor enhance the taste of any cuisine.

"It's also very refreshing to drink when you are parched because it leaves no aftertaste," Mr. Tocco said.

Other Peruvians say they drink Inca Kola, which is produced by J. R. Lindley e Hijos, S.A., a local bottling company, because of what it signifies.

"I drink it because it makes me feel Peruvian," said Rafael Garcia, who was polishing off his third Inca Kola with his daughter, Gabby, at Pardo's Chicken restaurant. "I tell Gabby: 'This is our drink, not something invented overseas. It is named for your ancestors, the great Inca warriors.'"

And what does Inca Kola taste like? Laura Puertas, a local journalist and radio talk-show host, may have described the beverage best when she called it "liquid bubble gum."

Inca Kola was introduced in 1935 by J. R. Lindley, and the formula has basically remained the same. "It's a bouquet of fruits, and that's all I'm going to say about the secret formula," said Johnny Lindley Taboada, the company's president.

Although Inca Kola began as a drink of the lower classes, it is now consumed by all. And through agreements with foreign bottlers, Inca Kola is now

sold in Ecuador, Bolivia, Los Angeles, New Jersey and New York, which all have sizable Peruvian populations.

With the current revival of Peru's economy, Inca Kola's sales and profits are rebounding after a downturn in the early 1990s when the country was mired in hyperinflation and terrorism.

Between January 1993 and August 1994 the company lost \$7 million, but it posted a small profit last year on sales of \$82 million. Mr. Lindley predicts that the company will earn \$11 million this year, fueled by Inca Kola.

Mr. Lindley added that although Inca Kola and Coca-Cola had long been neck and neck in the fierce competition for carbonated-beverage drinkers in Peru, Inca Kola has now surpassed Coca-Cola, a claim that Coca-Cola disputes. But Coca-Cola acknowledges that it has a much lower share of the soft-drink market in Peru than it does in other Latin American countries.

Pollsters Join Budget Fray  
Republicans Fare Poorly in SurveysBy Thomas B. Edsall  
Washington Post Service

WASHINGTON — The conservative strategist Grover G. Norquist argues that any Republican member of Congress whose commitment to the budget battle with President Bill Clinton has begun to weaken should look at poll data showing that defection could result in a severe penalty on Election Day.

Conversely, the Democratic pollster Stanley Greenberg argues that voters, especially seniors, now firmly oppose the Republican budget and Medicare strategies, and that politicians who stand by those policies will pay a price in November.

Both men can build a statistical case for their positions. The bitter division between House Republicans and the Democratic White House over the budget, which has brought part of the U.S. government to a halt, is in part driven and supported by contradictory poll data and logic to both sides.

The clearest finding, however, is that Republicans have not succeeded in winning majority support for their budget plan, or, more especially, their approach to Medicare.

"The Democrats are winning the message battle," said a Republican pollster, Fred Steeper. The predominant view, he said, is that the Republican budget plan hurts children and the elderly — and no one wants to hurt children and the elderly.

"The Democrats have done a good job getting that message through," he said. But the data also suggest that there may be a basis in public opinion for the long-range conservative Republican strategy, and that Republicans who compromise may face the possibility of reprisals on Election Day.

When asked to evaluate the Republican budget and Medicare proposals, majorities voice opposition. A CBS/New York Times Poll, conducted from Dec. 9 to 11, found that 54 percent disapproved and 33 percent approved of Republican plans for Medicare.

Mr. Steeper said his firm surveyed voters in a major Midwestern state that he declined to identify. When they were asked their opinion of the Republican budget plan, 53 percent were negative and 29 percent were positive.

More relevant to the current debate is the sharp difference in the views of Republicans, Democrats and independents.

The opposition to the Republican Medicare plans is concentrated among Democrats, who are opposed 80 percent to 10 percent, and among independents, who are adverse to the plans 52 percent to 31 percent.

Republicans, however, are overwhelmingly supportive of their party's plan on Medicare,

backing it 63 percent to 26 percent. These are the voters who provided the core of the support for the Republican takeover of the House and Senate in 1994.

Similarly, Mr. Steeper found that on the broad issue of the Republican budget plan, Republican voters who intend to participate in the Republican primary were strongly supportive: 66 percent to 22 percent.

The intensity of the ideological commitment among these highly conservative voters is

one of the forces cited by Mr. Norquist in making his case that House Republicans should continue to refuse to compromise with Mr. Clinton.

Mr. Norquist argues that if Republicans hold firm and win approval of their budget and Medicare plans, the public's hostile view will fade.

Mr. Greenberg flatly dispursed Mr. Norquist. "I don't think there is any way they could have framed the Medicare debate to be successful," he said.

## POLITICAL NOTES

## U.S. Workers Protest Shutdown

WOODLAWN, Maryland — About 100 furloughed federal employees protesting the partial government shutdown gathered briefly inside Social Security Administration headquarters on Tuesday before being asked to leave.

Union leaders had said employees would go to their desks and stage a "work-in." But employees instead filed past security guards into the building's auditorium, where they stayed for about 15 minutes before being asked to leave, union leaders said.

Workers will hold another demonstration later in the week, said John Gage, president of the American Federation of Government Employees Local 1923 in Baltimore.

Thousands of federal workers deemed as "nonemergency" have been indefinitely out of work since Dec. 16 because Congress and President Bill Clinton failed to agree on a budget.

Budget talks between staff members for the administration and Republican leaders in Congress were to resume Wednesday. (AP)

## A Short Circuit on Electric Cars?

SAN FRANCISCO — California is backing away from a requirement that within two years, 2 percent of all cars sold in the state be electrically powered. The move raises questions about similar mandates in New York and Massachusetts, both of which had pledged to follow California's lead.

The California Air Resources Board asked its staff last week to prepare a rule that would suspend the requirement that automakers market tens of thousands of electric vehicles in the state by the turn of the century.

The board proposed to drop the 2 percent requirement in the early years and instead to gradually increase production up to 10 percent "zero emission vehicles" by 2003, when all car companies that sell more than 3,000 vehicles a year statewide must comply with the regulation.

Air quality advocates and members of the emerging electric car industry criticized the move, which they called a capitulation to the automobile and oil industries. (NYT)

## Clinton Applauds Haiti Leaders

WASHINGTON — President Bill Clinton congratulated two Haitian leaders Tuesday for "a very impressive, free and fair election" that produced a successor for President Jean-Bertrand Aristide.

The president, in a telephone call, told Mr. Aristide how impressed he was that the election was "relatively free of violence," a White House spokesman said.

Mr. Clinton called President-elect René Préval separately to congratulate him "on a very impressive free and fair election." The calls were made from the Oval Office.

Mr. Préval was elected earlier this month in the first presidential balloting since Mr. Clinton sent U.S. troops to Haiti in September 1994 to force out a military regime and restore Mr. Aristide to power. (AP)

## Quote/Unquote

John Gage, a government workers union leader, on the partial closure of the government: "We want to work, and there's a lot of work to be done." (AP)

## National Guard Battles Pentagon Budget Raid

By Eric Schmitt  
New York Times Service

FORT INDIANTOWN GAP, Pennsylvania — On any given weekend, 5,000 citizen-soldiers from the Pennsylvania National Guard's 28th Infantry Division assemble at this sprawling base to fly Cobra attack helicopters, blast M-1 tanks and train for a war that many army officials say they will never fight.

Because of that, the Defense Department wants to eliminate roughly half of 110,000 Army National Guard combat troops, including the 28th Division, and save hundreds of millions of dollars in such training and equipment.

The remaining National Guardsmen would be trained to drive trucks or manage supplies, support skills that are lacking in the active-duty army.

But this plan faces fierce opposition from the powerful National Guard lobby in Washington and from more than two dozen state governors. For them, the National Guard is a cherished institution — the direct descendant of colonial militia protected by the Constitution — one that the governors rely on in all sorts of emergencies, ranging from hurricanes to riots, and one that they want to keep.

During the Cold War, the army kept a huge combat reserve in the National Guard as a hedge against conflict with the Soviet Union. Now the Pentagon is questioning why it is spending more than \$1 billion a year to pay, train and equip National Guard combat troops who are part of the 386,000-

General Colin L. Powell, the retired chairman of the Joint Chiefs of Staff, said in his autobiography, "We managed some reductions, but could still save much more money on the Guard and Reserves without hurting national security."

One reason for Congress to be so protective of the National

are divided into two groups: the 230,000-member Reserve, which reports to the army, and the 386,000-member National Guard, which reports to state governors in peacetime and to the Defense Department in wartime or for other military operations. Reserve forces cost about 25 percent to 80 percent

troops quickly in the second of two regional conflicts.

Army officials say these National Guard brigades provide enough additional firepower.

The 110,000 National Guard troops in the remaining eight combat divisions are not even included in the two-war plan.

With a surplus of combat power in the Guard and a shortage of support skills in the active-duty army, a senior army panel is expected to recommend in March that some combat units be converted to support forces.

"We're looking to see how we might make them even more relevant than they are today," said Deborah R. Lee, assistant secretary of defense for reserve affairs.

This would follow the recommendations made in May by an independent commission studying ways to reduce redundancies in the military.

National Guard officials, however, do not trust the Pentagon. Relations between the active-duty army and Guard have been strained for years. Many guardsmen complain that army generals treat them as second-class soldiers, and many army officers view guardsmen as amateurs.

Any restructuring, some Guard officials say, may just be a cover for the army to cut the Guard's troop levels.

## There is a lot of the Army National Guard that's just irrelevant to our program. It's kind of a welfare program for weekend warriors.

member Army National Guard, when military planners foresee no war big enough or long enough to need them.

"There is a lot of the Army National Guard that's just irrelevant to our strategy," said a senior Defense Department official. "It's kind of like a welfare program for weekend warriors — guys can earn a little extra pay."

Congress has long shielded the National Guard and the National Guard Association of the United States, issued a thinly veiled threat to Defense Secretary William J. Perry last August: "Since significant elements of the eight National Guard divisions are located in 25 states, which control 363 electoral votes, the precipitous restructuring could very well affect the 1996 elections."

The nation's army reservists

of what the military spends to maintain comparable active-duty troops.

The fight over the 110,000 combat guardsmen comes as the Pentagon is relying on reservists to ease the strains on active-duty forces. Small groups of guardsmen have joined the multinational peace-keeping force now in Sinai.

The Defense Department is sending 3,800 guardsmen and reservists to help in the Bosnia peacekeeping operation, but they are support specialists, like military police and civil affairs experts, not combat troops.

The United States has based its post-Cold War defense plans on the commitment to fight two wars nearly simultaneously. As part of this planning, the Pentagon has increased the training of 15 National Guard brigades so that they can reinforce U.S.

of what the military spends to maintain comparable active-duty troops.

"I feel very strongly that we should leave these divisions alone," said Representative G.V. Montgomery, a Mississippi Democrat who is one of the Guard's staunchest supporters. "They're a good buy for the taxpayer."

Indeed, Edward J. Phillips, executive director of the National Guard Association of the United States, issued a thinly veiled threat to Defense Secretary William J. Perry last August: "Since significant elements of the eight National Guard divisions are located in 25 states, which control 363 electoral votes, the precipitous restructuring could very well affect the 1996 elections."

The nation's army reservists

## Away From Politics

• An increase in seismic activity and the heaviest rainfall in the Northwest since the big 1980 eruptions at Mount St. Helens in Washington state have generated concern among scientists that there could be a renewal of volcanic activity there for the first time since a series of steam explosions in 1991. (LAT)

• A 13-year-old boy trying to get toys for Christmas fired rifle shots at a truck on Interstate 10 in Fort Hancock, Texas, critically wounding a motorist in another vehicle. The police said the youth was apparently trying to shoot out the truck's tires, hoping it would

overturn and spill a cargo of toys. The boy whose identity was withheld because of his age, was charged with juvenile deadly conduct, punishable by up to life in prison. (AP)

• A federal court said that Atlanta's proposed dress code for taxi drivers, which was to have gone into effect on Jan. 1 and helped spruce up the city for the 1996 Summer Olympics, was too loosely written for the court to conclude that it had any "rational basis" in furthering the city's goal of a safe and efficient taxi industry. (NYT)

• The mother of a 3-year-old boy who drank up her supply of methadone has been arraigned in the Bronx, New York. (NYT)

## TENDER NOTICE

## PUBLIC SOLICITATION

Subject: Mefloquine tablets, 250 Mg (FDA APPROVED). The American Embassy, Bonn requires a contractor to supply and deliver via airfreight/airparcel to American Embassies worldwide Mefloquine tablets, 250 mg. Estimated total value of this contract is USD 200,000.00 annually with two years option for renewal.

The Solicitation Document No SOGE250-96-8-0009 is available upon application, no later than January 08, 1996. American Embassy Fax: +49 - 228 - 33 46 81

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## ASIA

Ordeal Over  
As North  
Releases  
Fishermen

Compiled by Our Staff From Dispatches  
SEOUL — North Korea freed five South Korean fishermen Tuesday after holding them for seven months.

The release of the men, captured after their boat strayed into North Korean waters on May 30, could set the stage for the impoverished North to seek more rice aid from the South.

Dressed in suits and carrying identical dark gray suitcases, the men looked healthy as they crossed the demarcation line that separates the two Koreas. They shook hands with North Korean military officials and waved farewell.

"Thank you!" one shouted. "We cannot forget your hospitality."

The cremated remains of three other crew members were handed over to South Korean Red Cross representatives, who wore white masks.

After quick medical checks, the survivors were reunited with weeping relatives at a South Korean government building outside the border village of Panmunjom.

Other families wailed at a makeshift altar, clutching the cloth-wrapped urns containing the ashes. Traditional offerings to the dead had been laid out.

One crewman was shot and killed and another died when flames engulfed the fishing ship after a North Korean gunship fired on it for straying into North Korean territory, one of the freed men said. A third man died of illness, he said.

The former captive said the crew members were forced to denounce South Korea on the radio, but added: "It's true that we intruded deep and attempted to flee and were fired upon."

South Korea welcomed the release, although a Unification Ministry spokesman said it was unrelated to resuming rice shipments. The South Korean news agency Yonhap quoted an unidentified government official as saying that South Korea and Japan would hold talks on rice aid with the United States at a two-day meeting in Hawaii starting Jan. 24.

One of the major issues in the three-way deputy minister level talks will be whether to resume rice shipments to relieve the North's severe food shortage, the source said.

South Korean officials would not comment immediately on the report.

Seoul shipped 150,000 tons of rice earlier this year, but the fate of the fishermen was a key sticking point when a third round of rice talks broke down in July.

South Korea ignored a call by the United Nations to maintain the aid flow and asked Japan and its allies to follow suit. Tokyo has sent 300,000 tons of a promised consignment of 500,000 tons of rice.

Aid agencies say North Korea needs almost 4 million tons of rice to prevent mass starvation after floods ruined the summer crop. (AP, Reuters)



YEAR OF THE MOUSE — A clerk in Taipei displaying gold objects Tuesday in the shape of the symbolic animal of the Chinese New Year.

## Hong Kong Comes Down With Bad Case of Nerves

By Keith B. Richburg  
Washington Post Service

HONG KONG — A new mood of pessimism has settled over this British colony because of hard-line statements from Chinese officials and their allies that some believe are orchestrated to send Hong Kong a message: Change is coming soon, and life will be different under Communist rule.

The 14-year prison sentence given by Beijing this month to Wei Jingsheng, China's leading democracy advocate, cast a pall of gloom over the colony. The verdict followed a senior Chinese official's statement questioning the rate of Hong Kong's social welfare spending, a proposal to dilute the colony's bill of rights, even a suggestion that a shadow government be set up before the 1997 turnover of Hong Kong to Chinese control.

Hong Kong and British officials involved in the transition acknowledge greater worries than ever about China's off-stated guarantees to respect Hong Kong's basic freedoms and autonomy.

"The mood is quite gloomy here at

the moment," said a Hong Kong official. "I think things look pretty bad now."

He recalled that Hong Kong went through a similar period of pessimism after China's 1989 crackdown on democracy demonstrators in the vicinity of Beijing's Tiananmen Square, and the mood eventually changed. But this time, with the transition only 18 months away, he said, "It's getting a bit close. We don't have much time to recover."

Even the head of Hong Kong's pro-Beijing political party concedes he may be growing less hopeful about the future.

"I see perhaps more problems, and the problems being more serious for this final 18 months than perhaps I had expected before," said Tsang Yok-sing, who leads the Democratic Alliance for the Betterment of Hong Kong and is one of China's handpicked advisers in the colony. "It's going to be a tough year."

Applications for immigrant visas to Canada are said to have increased by about 70 percent, and officials and diplomats say they expect the number of

people seeking to leave the colony to rise even higher next year.

Some Hong Kong politicians and other officials say they believe the recent string of hard-line statements on Hong Kong may be related to China's succession struggle, with the paramount leader, Deng Xiaoping, ailing.

A Western diplomat said the mood during this political transition has led to Chinese muscle-flexing against Taiwan, the stiff sentence handed to Mr. Wei and even Beijing's haste to see its 6-year-old candidate named as Tibet's new Panchen Lama, the region's second-ranking religious figure. One troubling sign, the diplomat said, was that Chinese Communist officials are starting to refer to Taiwan, Tibet and Hong Kong jointly as "sovereignty issues" for China.

"They're worried about Hong Kong as a base of subversion, and they want to make sure they can control the political situation here," he said.

A Hong Kong official said he believed Chinese officials might have concluded — wrongly — that their intimidation tactics against Taiwan helped reduce the parliamentary majority of

Taiwan's governing Kuomintang in elections this month. As a result, and more ominous for Hong Kong, some Beijing leaders may now believe that taking a hard line is justified, and Hong Kong may suffer the consequences.

"The Taiwan thing is worrying here," he said. "They have concluded that their approach for the last few months has been correct."

For Hong Kong, that approach appears to have alternated between reassuring words and signs of heightened interference. Hong Kong's growing mood of pessimism comes as the colony enters what many here say will be a crucial phase of the transition early next year. A 400-member selection committee will recommend the first chief executive to administer the territory after 1997, as well as a new provisional legislature to replace the democratically elected body that China has vowed to disband.

China has promised the chief executive will be named by the fall of next year, and many expect the choice to ease much of the confusion about China's long-term intentions.

own inspection and control systems, and draw up more complete policies for risk management and control.

Ministry guidelines will also cover leading limits. A major problem at a number of the failed institutions was that they lent huge sums to a single company or a single industry.

"The most important point is that the Ministry of Finance's policy is changing from guardian of the industry to judge or umpire of the industry," said Yoshinobu Yamada, a bank analyst at Merrill Lynch Japan Inc. "It will have long term implications."

Although the Ministry said it would slap on penalties or fines to institutions that violate its guidelines, it said it was still studying other punitive measures, such as ordering a bank to stop paying dividends if its capital ratios slide below a certain level.

Several measures are focused directly at preventing the kind of fraud that occurred at the New York branch of Daiwa Bank. The ministry will improve its commu-

## BRIEFLY

## Thailand to Extradite an Ex-MP

BANGKOK — A former member of Parliament lost his bid to avoid extradition to the United States to face drug-trafficking charges when the Thai appeals court upheld a criminal court order Tuesday.

A court official and the lawyer for Thanong Sirinprachapong, who has denied the charges, said the appeals court rejected the former legislator's appeal against the criminal court's ruling in July.

Mr. Thanong, who is in detention, was secretly indicted in a northern California court in 1991 on charges of smuggling almost 49 tons of marijuana into the United States from 1973 to 1987. He resigned as a Thai member of Parliament when the indictment was disclosed in 1994 after leaks to the Thai press. The United States has cited three other Thai politicians for alleged links to drug trafficking. (AFP)

## Cultist Admits Role in Gas Attack

TOKYO — The top doctor in the cult accused of unleashing nerve gas on Tokyo subways admitted involvement in the group's crimes Tuesday, telling a court there was "no room for excuse."

"I am perplexed about how to apologize to the many people to whom I have caused damage and trouble," said the doctor, Ikuro Hayashi, according to the Kyodo news agency. "I will tell the truth in court."

The hearing, Dr. Hayashi's first, dealt with three charges accusing him of sheltering a fugitive member of the Aum Shinrikyo cult and illegally confining two people. He has pleaded guilty. He has also been indicted for murder in the subway gas attack that killed 12 people and injured 5,500. (AP)

## Jakarta Official Cleared of Graft

JAKARTA — President Suharto has cleared a senior cabinet minister of corruption allegations, an official said Tuesday.

The presidential spokesman, Mardiono, said there was no clear evidence showing that Communications Minister Haryanto Dhanurirto misused up to \$4 million in state funds to enrich himself.

"The allegations against him were not based on facts and the case was only administrative errors," said Mr. Mardiono, the minister at the State Secretariat. (AP)

## Suspect Named in Pakistan Blast

ISLAMABAD — A Persian-speaking Afghan has been identified as a prime suspect in a car bomb blast last Thursday in Peshawar that left at least 45 dead and more than 100 wounded, state-run television said Tuesday.

The police suspect that Abdul Mateen plotted and carried out the bombing with the help of accomplices, the broadcast said. The report did not say whether there had been any arrests.

On Sunday, Pakistan declared Afghanistan's consul-general to Peshawar, Musa Khan, persona non grata and gave him 48 hours to leave the country, apparently in worsening of ties between the two neighbors. (AFP)

## VOICES From Asia

Judge Hiroshi Noda, as a Tokyo Court awarded 106 million yen to compensate 71 residents outside a U.S. air base for noise pollution.

"It is not fair to force a limited number of people, such as residents around the air base, to sacrifice themselves for a national cause of importance," said Mr. Noda. (AP)

Chun Jae Yong, a son of former President Chun Doo Hwan of South Korea: "My father has been taking nothing but bottled water since late Monday, rejecting barley tea containing sugar and salt. He cannot sit up alone and talks incoherently." (AFP)

## 2 Marines Testify Sailor Forced Them Into Rape Attack on Okinawa Girl

The Associated Press

NAHA, Okinawa — Two U.S. Marines charged with abducting and raping a 12-year-old schoolgirl said Tuesday they were forced into taking part in the attack.

Both offered emotional apologies to a Japanese court, but said they had acted out of fear of the third suspect.

Navy Seaman Marcus Gill, 22, has admitted to the Sept. 4 rape of the girl, who was snatched off the street as she shopped for school supplies.

Private Rodrigo Harp, 21, of the Marines, and Private Kendrick Ledet, 20, also a Marine, say they helped to abduct the girl but did not rape her.

The crime outraged Okinawans and set off the biggest protests ever here against the U.S. military presence. About half of the 46,000 American troops in Japan are stationed on this island.

Private Harp and Private Ledet told the court Tuesday they had been afraid Seaman Gill would hurt them if they did not go along with his

plan. Private Ledet said Seaman Gill already had threatened to kill him once in the past.

"Gill said to tape the girl's hands up, and I said no, and he said, 'Tape the girl's hands up!'" he testified, his voice rising sharply.

Private Harp acknowledged striking the girl as she struggled to escape her abductors.

"I did hit her," he said in a low voice. "It was mean of me to hit her."

He also acknowledged getting into the back seat of the car after Seaman Gill had raped her, but said he could not rape her.

"Not when I saw the way the girl was lying there," he said.

Private Ledet, testifying afterward, said he was sorry for his part in the attack.

"I wish I were never there," he said in a trembling voice. "I'm very sorry and would like to apologize to the little girl, her family and the people of Japan."

and her family feel," he said, but added, "The Bible also tells about forgiveness."

Chief Judge Shinei Nagamine displayed some impatience with long explanatory replies by Private Harp and Private Ledet. At one point, he cut off Private Ledet's comments, telling him: "Please stop now."

In later testimony Tuesday, Seaman Gill said the other two men had painted an unfair picture of him, and that in detailed testimony scheduled for Wednesday, he would give a

fuller account of their involvement.

"The other two left out the parts that made them look bad," he said.

All three men are charged with rape causing injury, which carries a penalty of three years to life in prison. The three-judge panel is expected to issue the verdict and sentence in late January.

The mothers of Private Harp and Private Ledet were in court Tuesday. As Private Harp testified, his mother, Daisy Harp, held her head in her hands.

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## BANKS: Japan's Finance Ministry Calls for 'Drastic Shift' in Policy

Continued from Page 1

Business News. "The trend is positive, but I don't think it is sufficient."

The lack of full disclosure is one of the most common complaints by foreign investors.

The measures, which are expected to go into effect in April, do not directly improve the poor disclosure by banks. Still, the ministry said it hoped that the quality of disclosure would improve because of the measures.

To that end, it will set up an "early-warning" system aimed at detecting irregularities at the banks. For example, the ministry will set guidelines for capital adequacy, risk management and controls. It will also the banks and devise inspections according to the ratings.

Japanese banks for decades have operated on a "convoy" system, in which all the banks support each other so that it is virtually impossible for an institution to fail. The new measures aim at departing from that concept and at forcing banks to stand on their own.

Banks will be required to bolster their

own inspection and control systems, and draw up more complete policies for risk management and control.

Ministry guidelines will also cover leading limits. A major problem at a number of the failed institutions was that they lent huge sums to a single company or a single industry.

"The most important point is that the Ministry of Finance's policy is changing from guardian of the industry to judge or umpire of the industry," said Yoshinobu Yamada, a bank analyst at Merrill Lynch Japan Inc. "It will have long term implications."

Although the Ministry said it would slap on penalties or fines to institutions that violate its guidelines, it said it was still studying other punitive measures, such as ordering a bank to stop paying dividends if its capital ratios slide below a certain level.

Several measures are focused directly at preventing the kind of fraud that occurred at the New York branch of Daiwa Bank.

The ministry will improve its commu-

nication channels with regulatory authorities in other countries, and wrongdoing must be reported "promptly" by the financial institution to the host country supervisors. At home, Japanese banks must report wrongdoing according to deadlines set by the Ministry, and significant wrongdoing should be publicly disclosed in a "timely" manner.

The ministry will send inspection teams to Japanese branch offices in New York and London at the same time it conducts inspections at head offices in Japan. By increasing the number of ministry inspectors to 486 from 420, the ministry hopes to have these inspection teams directly verify transaction slips and other accounts.

Separately, the Bank of Japan said it would complete its own inspection of the New York branches of half of Japan's 21 major commercial banks. After inspecting three branches, it said it had detected some "defects" in risk management, according to a report by Kyodo News Service.

## KOREA: President Seems to Be Emerging Unscathed From Scandals

Continued from Page 1

Korea. While it is difficult to draw a direct cause-and-effect relationship between the scandals and Mr. Kim's increasing popularity, one Western diplomat said that the president's handling of them had played well with a majority of South Koreans.

"He has demonstrated strength of leadership, determination, and he has not shrunk from politically difficult steps," the diplomat said. "This has been Korea's biggest test, and its president is handling it with skill and courage."

Kim's handling of the scandals has been a key factor in Mr. Kim becoming president.

In early 1990, Mr. Roh, Mr. Kim and a longtime opposition leader, Kim Jong Pil, merged their three parties into the Democratic Liberal Party to put forth a strong candidate to succeed Mr.

Roh in the 1992 elections. They chose Kim Young Sam.

Given that close political relationship, many here say, even in the absence of proof it is naive to think that Mr. Kim did not benefit in some way from Mr. Roh's slush fund largesse.

Mr. Kim has repeatedly said he did not "personally" take money from Mr. Roh, skirting the obvious question about whether others took money on his behalf.

Critics, especially Kim Dae Jung, a longtime opposition leader, accuse President Kim of political opportunism in the pursuit of Mr. Roh and Mr.

Chun. They say that the president is attempting to divert attention from his own possible involvement in slushy money politics.

The next tangible measure of how the scandals have affected Mr. Kim will come in National Assembly elections scheduled for April.

Mr. Kim already has engaged in some vigorous damage control. He changed the name of his party from the Democratic Liberal Party to the Democratic Liberal Party. And he recently replaced 11 of his 23 cabinet ministers, including the prime minister.

## EUROPE

## Pope, Feeling Better, Gives His Greetings 'Slight' Fever Is Reported

VATICAN CITY — A tired-looking Pope John Paul II gave his holiday greetings to the world on Tuesday after his Christmas Day celebrations were disrupted by a bout of influenza.

"Thank you for coming here today and yesterday, thank you so much," the Pope said, speaking from the window of his private apartments overlooking St. Peter's Square.

"I wish you, in this Christmas season, a special blessing of the Lord," he said.

A Vatican spokesman, Joaquin Navarro-Valls, said the 75-year-old pontiff was feeling better although he still had a slight fever, and said the rest of his holiday schedule would not be affected by the illness.

"Absolutely nothing has changed on his end of year program," Mr. Navarro-Valls told reporters, adding the Pope's doctor had ordered him to have a few days' rest.

"The slight disturbance which the Holy Father suffered yesterday is improving all the time both in terms of the slight fever and the stomach problems, which are now almost gone," he said.

A day earlier, the Vatican had reported that the Pope had worked up a sweat at midnight Mass and then caught a chill after removing his yellow ceremonial robes back in his apartment.

His health has been uncertain since a hip replacement operation nearly two years ago. Pain is still present and his movements at times slow.

Pilgrims in St. Peter's Square cheered and applauded as the Pope appeared at the window Tuesday to deliver an Angelus prayer and blessing.

He looked tired and drawn as he read slowly from a written text. His voice wavered at times and he stumbled over the words at one point.

At the end, he resumed his Christmas greetings that were cut short Monday when he abruptly stopped his "Urbi et

Orbi" message to Rome and the world after suddenly feeling sick.

The Pope said "Happy Christmas" in only Italian, French, English, Spanish, Portuguese, German and Polish — while he had been scheduled on Monday to give the greeting in 54 languages.

The Pope also had missed Christmas Day Mass in St. Peter's Basilica after his doctors ordered rest for fever and influenza. It was the first time since he became Pope in 1978 that he had missed the Christmas Mass.

Mr. Navarro-Valls said the Pope held Mass in his private chapel on Tuesday after getting up at his usual time, 6:15 A.M.

"He is in good spirits," the spokesman said, adding that the Pontiff had received clearance from his doctor to make Tuesday's appearance.

The Pope normally gives this Angelus at his residence in Castel Gandolfo, south of Rome, but doctors ordered him to stay at the Vatican to rest and recover from his illness.

He now has no appearances scheduled until celebration of the traditional "Te Deum" vespers here Dec. 31.



ESSENTIALS — A resident of the eastern French town of Ornans carrying a baguette and a scraper Tuesday after the Loue River flooded the town.

## Yeltsin Shakes Up Foreign Policy After Election Reversals

MOSCOW — President Boris N. Yeltsin created a new Foreign Policy Council on Tuesday amid increasing signs of discontent with Russia's course of diplomacy.

Mr. Yeltsin signed a decree forming the body "for the improvement of the effectiveness of Russian foreign policy," his office said.

The move came a week after parliamentary elections in which Communists and nationalists — who have long opposed the pro-Western stance of the Foreign Ministry — scored big.

Analysts expected the results to prompt Mr. Yeltsin to rearrange his cabinet and make concessions to his opponents.

The president had already expressed displeasure with the Foreign Ministry and its head, Andrei V. Kozyrev.

Mr. Kozyrev, Mr. Yeltsin's longest-serving minister, seems to sense that his days in the cabinet are numbered. Last week, after winning a Parliament seat in the northern city of Murmansk, the foreign minister met with Mr. Yeltsin to discuss his political future.

The new council will meet monthly and include leaders of the Foreign Ministry, the Defense Ministry, the Foreign Trade Ministry, the Finance Ministry, the Foreign Intelligence Service, the Federal Security Service and other leading officials, his office said.

### ■ Making Progress

Mr. Yeltsin left a sanatorium where he had been recovering from a heart ailment and moved to a neighboring country residence on Tuesday, his press service said, according to Reuters.

It said Mr. Yeltsin, 64, would follow doctors' instructions during his stay at the Barvikha residence near Moscow. The Itar-Tass news agency said he would mark the New Year there with his family.

Mr. Yeltsin was hospitalized Oct. 26 suffering from what doctors described as an ischemic heart condition, a blood supply problem. A month later he moved to the sanatorium and gradually increased his workload.

Mr. Yeltsin had scheduled a meeting with Prime Minister Viktor S. Chernomyrdin on Tuesday to discuss results of the parliamentary elections.

## Queen to Have Last Word in Defining Diana's Role

LONDON — The wishes of Queen Elizabeth II will be paramount in deciding whether Princess Diana becomes an ambassador for Britain, Foreign Secretary Malcolm Rifkind said Tuesday.

Mr. Rifkind is the first member of the government to speak out publicly about a possible new role for the princess since she indicated her wish to be a goodwill ambassador in a BBC television interview last month.

Speaking on BBC radio, Mr. Rifkind expressed doubt about the term "ambassador" but he said the government was considering Diana's wish, made known in the interview.

"Ambassador has both a technical meaning but it also has a more general

meaning that is sometimes used of someone who helps advance the interests of the country they belong to," he said.

"These are issues we need to consider and they will be considered quite properly taking into account the wishes of Her Majesty the Queen. That is the single most important consideration."

Diana, separated from the heir to the throne Prince Charles, said in the interview that she wanted to be a goodwill ambassador for Britain, suggesting a more formal status for her charity work.

The candid revelations of her tormented life inside the royal family earned her sympathy, and her image was subsequently polished up with reports of

midnight visits to the sick in London hospitals.

The interview underlined her ambiguous constitutional position as estranged wife to the heir, and last week the queen wrote to Charles and Diana, urging them to seal their separation with a divorce.

Charles accepted and said he did not intend to remarry.

Diana was variously said to be furious and devastated that news of the queen's letter had become public and she has not replied.

Mr. Rifkind said that the future of Charles and Diana was at a "very delicate moment" and that the role of the princess depended on decisions they took about their future.

"I don't think it is helpful at this moment to speculate on these matters," he added.

Popular newspapers on Tuesday were less interested in that than in Diana's refusal to join the rest of the royal family, including her two sons, for Christmas at the Sandringham estate in eastern England.

"You're so selfish, Di." The Sun newspaper said, contrasting the sulking princess with the 95-year-old Queen Mother, who joined the rest of the family at a church service, using sticks to walk after a hip replacement operation.

The Sun said she spent Christmas alone, eating cold chicken in front of the television in her Kensington Palace home. (AP, AFP)

## BRIEFLY EUROPE

### Austrian Rightist Loses a Seat

VIENNA — Jörg Haider, the rightist who challenged the governing coalition in elections nine days ago, lost one mandate to the Greens in final results issued Tuesday.

As expected, the Social Democrats, who won the Dec. 17 vote, also lost one mandate to the Liberals. It was the first time Mr. Haider's Freedom Party, which has made steady gains over the last 10 years, had lost ground since he took control in 1986. He has based his campaigning on anti-immigrant sentiment.

According to the final results, the Social Democrats got 71 seats, the People's Party 53, the Freedom Party 40, the Liberals 10 and the Greens 9. Mr. Haider is thus down two seats from elections a year ago. The Socialists gained six seats and the People's Party one. The Greens lost four seats and the Liberals one. (AP)

### Papandreou Breathing Better

ATHENS — Prime Minister Andreas Papandreou, who was hospitalized with pneumonia on Nov. 20, is breathing without the use of a respirator for a second day, his doctors said Tuesday.

"His condition remains stable," said a statement issued by the Onassis Cardiac Surgery Center. "There have been no changes over the past 24 hours."

According to hospital sources, Mr. Papandreou, 76, has been lucid and talking with his wife and other members of his family. The statement added that treatment with antibiotics was continuing to prevent the outbreak of a new secondary infection. (AP)

### French Homeless Storm Building

PARIS — Some 100 homeless people led by Bishop Jacques Gaillot tried to occupy the offices of France's National Employer's Council on Tuesday.

Security personnel blocked the demonstrators from entering the building in an elegant neighborhood of northwestern Paris. But the demonstrators left peacefully after meeting with Yves Monier, the council's secretary-general.

At the meeting with Mr. Monier the demonstrators said they explained the situation of young people between the ages of 18 and 25 who have no jobs and in some cases no home. The protesters, who belong to an association known as "Right to Housing," had demanded to meet with Jean Gandois, the council's president.

Monsignor Gaillot was dismissed from his post as bishop of Evreux last Jan. 13 for challenging church positions on issues including abortion, contraception, and homosexuality. (AP)

### Andalucia to Vote in March

MADRID — The chances that a Spanish general election will be held in early March rose sharply on Tuesday when Andalucia called its regional election on March 3.

Manuel Chaves, president of the region of Andalucia, was forced to call local elections early after the Andalusian Parliament in November rejected the region's 1996 budget proposal.

The date is the one which Prime Minister Felipe González has hinted would be chosen for a Spanish general election.

"I am waiting to see what happens with the elections in Andalucia," Mr. González said, because "it would seem to me simply an absurdity, not to say wasteful, to have elections in Andalucia during the 20 days before or after the general election." (Reuters)

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## In Milan For Business

ITALY, AH, ITALY! LAND of smiling, singing gondoliers and waiters, carefree, flashing-eyed, flirtatious girls; and a great many other characters straight out of Central Casting. Milan is the other Italy, the country's Frankfurt or Zurich or Chicago. Milan, dedicated to commerce and industry, is the capital of the financial-manufacturing complex that has helped to make Italy a leading industrial power.

### At a Glance

Although rocked by scandals that earned it the nickname "Tangentopoli" (City of Bribes), Milan remains the nexus of economic influence, where old and new money meet, and where wheeler-dealers wheedle money out of banks, stock-market players and each other.

The great Milanese families in the Middle Ages clearly believed that the storing up of earthly riches was no obstacle to their achieving a credit balance in heaven.

To be on the safe side, though, they built churches and laid their dead to rest in cemeteries of remarkable opulence — or remarkable vulgarity, depending on your viewpoint. Ancestry still counts for much in Milan.

The Milanese now have to adapt to a different world, one in which foreigners are arriving in the wake of the country's massive privatization program. Already the French and Germans have entered the group of controlling shareholders of Fiat, while the Swedes have also become major players in business.

Though ancestry still counts for much in Milan, nimblefootedness counts for even more. Milan has always been renowned for entrepreneurs who created or seized opportunities zestfully — not just in Italy, but all over Europe and the world. Whether in banking, manufacturing, services or financial dealing, the Milanese have always looked outward for new markets.

### In a Word

For a large city that is heavily reliant upon foreign trade and the international fashion business, the Milanese are surprisingly weak in English and other languages.

They are tolerant of mangled Italian, however, so try to learn a few key phrases before you arrive. You may also want to carry a pocket phrasebook for solo forays in public.

### Getting Around

The Piazza del Duomo, or Cathedral Square, at the core of Milan, is a short walk from the famous La Scala opera house, the financial district, the smart shopping area, and arcades and galleries of boutiques. Shopping in the center rivals that in Paris and London.

Close to the Cathedral neighborhood is the Piazza della Repubblica, and just beyond it the main railroad station.

The canal district is also close to the center. Most of the centuries-old network of canals is now dry and covered, but some canals remain, and the La Zona dei

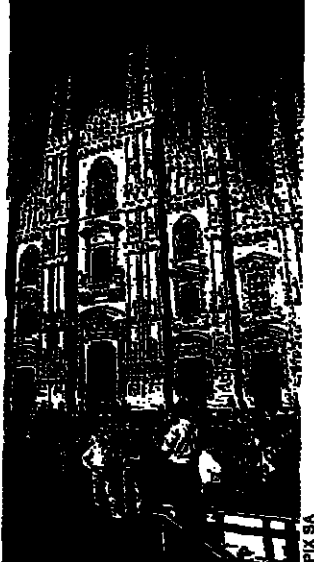
Navigli area is full of students, artists, craftworkers, designers, good bars, restaurants — and lots of jazz.

Much of business Milan is within walking distance of the Cathedral — except during the torrid summer or frigid winter. Taxis are fast and have special lanes reserved for them.

The mass transit system includes a subway, the Metropolitana Milanese (MM), buses and streetcars. The MM is basically an east-west system that includes the main railroad station, the San Babila stop (with its bus connection to Linate airport), the Duomo (Cathedral), Cordusio (for the financial district) and the fairgrounds. You can buy metro, bus and streetcar tickets at tobacconists, marked by a blue sign with a white "T," or by playing the slots at stations with 100- and 200-lire coins.

### Wining & Dining

There's no such thing as "Italian" cuisine. There is, rather, a family of cuisines. Milan has its own dishes, as



does Lombardy. Both are richer, heavier and more varied than typical fare found farther south, for the north has long been rich — and local ingredients and relative wealth are among the historical determinants of cuisine. Milanese cuisine also reflects the Germanic influence of nearby Switzerland and Austria.

Milan's restaurants offer the full range of Italian food. Note that many restaurants are closed on Sundays. Booking is essential in most places.

Largesse for the staff is included in restaurant bills, but you can always add a few thousand lire. Hat-check attendants expect a tip of not less than 8,000 lire.

Al Porto, Piazza Cantore. Tel.: 832-1481. This family-run restaurant offers fish so fresh it would jump off the plate if it weren't cooked. Closed Sundays.

Bagutta, Via Bagutta 14. Tel.: 7600 0902. Arty and popular, famous for offering its own literary prize as well as delectable food.

Berlin Café, Via G.G. Mora 9. Tel.: 839-4336. Milan tends to be deserted on Sundays, but here the stranded visitor can find friendly faces and an interesting Italian-style brunch.

Biffi Scala, Piazza della Scala. Tel.: 866651. The Biffi, part of the world-renowned La Scala opera house, is a "monument" with a famous terrace. International and Milanese cuisine. Reservations recommended. Closed Sundays.

Don Lisander, Via Manzoni 12a. Tel.: 76020130.

Salmon, *chicchi alla crema di pomodoro* (literally, "grain with tomato cream") and many other delicacies. The most beautiful restaurant garden in Milan.

Giannino, Via A. Sciesa 8. Tel.: 5519 5582. Grand yet friendly. Everyone, or so it seems, has eaten in the great dining halls: artists, politicians, Hollywood stars and a few kings.

Gualtiero Marchesi, Via Vittorio Emanuele 11, 25030 Erbusco. Tel.: 030-7760550. New address for one of Italy's finest restaurants. One hour outside of town. *La nuova cucina* (nouvelle cuisine) here does not mean half the normal portion for twice the money. Expensive, but to be sure, but not because the kitchen is skimping but because everything is impeccable. Fabulous pasta and fish. Closed Sundays, Monday lunchtime, July and August, and year-end holiday.

Bistro di Gualtiero Marchesi, Via San Raffaele 2. Tel.: 877159. Elegant restaurant with traditional cuisine.

Il Girasole, Corso Venezia 31. Tel.: 76000481. A media crowd can be found at this Tuscan restaurant. Its specialty is meatballs with mushrooms (*polpettone di Cesauro*).

Ristorante Peck, Via Victor Hugo 4. Tel.: 876774. Became known as the Fauchon of Milan for its high-class takeaways. Now a restaurant acclaimed for its *ossobuco alla milanese*.

Santa Lucia, Via San Pietro All'Orto 3. Tel.: 76023153. The classical Italian cuisine here draws everybody who is anybody — politicians, businesspeople, journalists and La Scala singers. Maria Callas was a regular.

Savini, Galleria Vittorio Emanuele 11, 16. Tel.: 72003433. This ancient establishment (1867) is back in favor with prominent Milanese businesspeople and attracts an elegant post-Scala evening crowd. The winter garden opens onto the gallery.

The chandeliered dining room inside is imposing. Traditional northern Italian dishes are a specialty. Reservations are now essential — as even the Aga Khan discovered. Closed Sundays.

Stendhal Café, Vias San Marco and Ancona. Tel.: 655-5587. Named for the French writer who loved Milan. New, but looks to the past with imported French woodwork. A favorite with the fashion and theater crowd. Try the fish and the desserts.

Suntory, Via Verdi 6. Tel.: 8693022. Best Japanese restaurant in town, with memorable tempura and sukiyaki.

L'Uilmet, Via Disciplinini/Olmetto. Tel.: 86452718. Wonderful atmosphere and typical Milanese dishes. Expensive. Closed Sundays and Monday lunchtime.

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Excerpted from the "International Herald Tribune Guide to Europe" (third edition, NTC Publishing) by Alan Tillier and Roger Beardwood.

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the day of the meeting. All five hotels — Hotel Duca di Milano, the Hotel Danieli in Venice, the Grand Hotel in Florence, and the Hotel Excelsior and Le Grand Hotel in Rome — are members of The Luxury Collection, a unique gathering of 50 of the world's elite hotels recently brought together by ITT Sheraton. That means you will be doing business in style and experiencing some of the finest cuisine and service Italy can offer.

The prestigious Duca di Milano is the only hotel in Milan that can guarantee its confirmed guests upgrades to suites. Nearly all rooms are junior suites complete with working salons that are per-

fect for business travelers. This superb hotel is located in the heart of the city's business center.

The Danieli is a 14th-century Venetian Gothic palace, formerly the home of the Doge Dandolo, where guests can truly enjoy the splendor of Venice, with the added pleasure of complimentary access to sporting and beach facilities on the Lido.

Florence's Grand Hotel lives up to its name with a magnificent decor that echoes the sublime beauty of the Tuscan city. All of its rooms and suites overlook the Arno River. In Rome, the Hotel Excelsior and Le Grand Hotel ri-

val each other in elegance and comfort, with their crystal chandeliers, sumptuous decor and fine cuisine. The Excelsior can accommodate up to 1,000 for business meetings, and Le Grand Hotel has 13 handsome meeting and reception rooms.

Hotel Duca di Milano: Tel.: (39-2) 6284. Fax: (39-2) 655 5966.

Hotel Danieli: Tel.: (39-41) 522 6480. Fax: (39-41) 520 0208.

Grand Hotel: Tel.: (39-55) 288 781. Fax: (39-55) 217 400.

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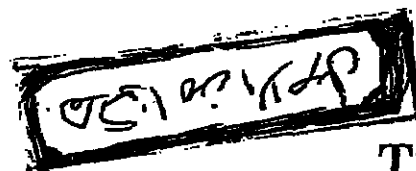
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Serbs To De

PALESTINE  
The Israeli government has announced that it will not accept the terms of the Oslo Accords, which would grant the Palestinians self-rule in the West Bank and Gaza Strip. The government says the accords are a betrayal of the Jewish people and the state of Israel.

BOSNIA: A peace agreement has been reached between the warring factions in Bosnia, ending a year of bloody conflict. The agreement calls for a ceasefire and the establishment of a provisional government.

TURKEY: A new round of talks has begun in Ankara to resolve the conflict in the Balkans. The talks are being held under the auspices of the United Nations.



## INTERNATIONAL

# Serbs Ask U.S. Commander To Delay Action on Sarajevo

By John Pomfret  
Washington Post Service

PALE, Bosnia-Herzegovina — Bosnian Serb leaders requested Tuesday that the commander of the NATO-led peace force in Bosnia, Admiral Leighton Smith of the U.S. Navy, delay the planned resumption of Sarajevo more than six months until next fall. And senior Serb leaders intimated that their initial compliance with Bosnia's peace plan, which has pleased Admiral Smith, could sour if he was not receptive to their demands.

Admiral Smith was noncommittal but added that he had the authority to modify the deadlines.

In another development, a NATO source said the Bosnian Serb military commander and alleged war criminal, Ratko Mladic, sent Admiral Smith a letter last week. The letter, while not solicited by him, put Admiral Smith in a difficult position because under the terms of the Dayton agreement he must not communicate with men charged with war crimes by the International War Crimes Tribunal in the Hague. The source said Admiral Smith accepted the letter but had no plans to reply.

The developments Tuesday underscored two of the main difficulties facing the American-led operation to end a 47-month-old war in Bosnia that has left an estimated 250,000 dead and 2.5 million homeless: dealing with alleged war criminals whose cooperation is key to making peace in Bosnia and what to do about the future of Serbian-held parts of Bosnia's

capital, which are slated to be returned to the mostly Muslim government in less than three months.

How Admiral Smith and the rest of his operation cope with these two problems will have a great impact on the success of the deal. Western officials have said. The main point they stress is that the multinational force, comprising 32 nations, must work to deny the Serbs, or Muslims and Croats, the opportunity to profit from international differences in their attempt to scuttle the plan. This tactic was employed with much success, especially by the Serbs and the Muslims, during the failed United Nations mission in the former Yugoslavia.

Already, "cracks have" appeared in the edifice of the Dayton peace plan. Last Thursday, the deputy commander of Russian peacekeepers in Bosnia who will be under American command, Major General Nikolai Staskov, appeared to violate the spirit of the accord by meeting General Mladic in his headquarters in the eastern Bosnian garrison town of Han Pijesak. North Atlantic Treaty Organization officials excused General Staskov, or actually breaking the terms of the treaty because Russia will only join the peace implementation force in January.

And French government and military officials have made repetitive noises about renegotiating the peace deal's provisions for Sarajevo, extending some of the peace plan's deadlines around the city or helping the Serbs to build a new Serbian city nearby.

The Serbs demands for a

new deal for Sarajevo came during Admiral Smith's first trip to their mountain stronghold of Pale east of Sarajevo.

The Bosnian Serb request to delay and modify the implementation of the deal around Sarajevo recalls other attempts to alter agreements and accords after they have been signed. In February 1994, they successfully postponed their compliance to a NATO ultimatum to remove their heavy weapons from around Sarajevo, thereby establishing a pattern that led to the collapse of the NATO plan to stop the shelling of civilians in Sarajevo.

Under the terms of the Dayton peace agreement, the Bosnian Serbs are to withdraw from five suburbs around Sarajevo where, for almost four years, they besieged the capital, plastering it with hundreds of thousands of mortar rounds and killing an estimated 10,000 people. Dozens of Bosnian Serbs interviewed in the suburbs over the last two weeks have said they are petrified of living under a Muslim government.

In the talks, Admiral Smith met with Momcilo Krajisnik, the head of the self-styled Bosnian Serb Parliament, Aleksa Buha, "foreign minister" of the Bosnian Serbs, and other Serbian leaders.

At a news conference that followed, Mr. Buha said the Serbs had asked Admiral Smith to extend until the end of September deadlines stipulated by the Dayton deal. He added that the Serbs would like Admiral Smith to respond by Jan. 6, or Orthodox Christmas, to their demands.



A French soldier disarming a land mine on Tuesday in Stup, a suburb of Sarajevo.

## BOSNIA: U.S. May Extend Role

Continued from Page 1

umbrella over Bihac, Gorzji Valuf and other areas in the British sector of Operation Joint Endeavor. That leaves only two French radars in Sarajevo, which falls within the French sector; both are located at Sarajevo airport and are focused generally to the west.

General Walker in mid-December asked that the U.S. Army deploy two additional radar systems to the capital for a month. It is not clear why the French cannot bolster their counterbattery forces or how the shortfall will be filled if the U.S. systems are pulled out of Sarajevo in late January.

American officers visited Sarajevo last weekend to assess where to put their radars, but deployment has been delayed while the military and political ramifications are sorted out.

The issue is sensitive enough to have drawn involvement by General George A. Joulwan, NATO's supreme commander, according to a military source. The source added that the U.S. radars likely will arrive in Sarajevo within a week.

More than a half million artillery rounds fell on Sarajevo during the three-and-a-half-year Bosnian war and the city's vulnerability to Serbian guns remains a flashpoint even under the Dayton peace accord, particularly with several Serbian-controlled suburbs scheduled to revert to Bosnian government control next year.

A mortar round that killed 37 people in a Sarajevo market Aug. 28 triggered a two-week NATO bombing campaign, setting in motion the events that resulted in the current deployment of 60,000 NATO troops.

Some American officers privately express concern that deploying U.S. radar systems to Sarajevo will in effect make the army responsible for the capital's protection, even if the operation is nominally under French tactical control.

The responsibility for Sarajevo isn't going to fall to the U.S., one NATO officer emphasized. "The question is how the order is written to make that clear."

Under NATO guidelines for Joint Endeavor, General Walker can deploy forces from contributing nations as he sees fit. But he must receive permission from the donor country if he wants to fragment national forces as would be the case if U.S. troops were assigned to the French.

The 1st Airborne Division, which forms the heart of the U.S. contribution here, normally has five radar sets as part of its organization. They include two Q-37 systems, each with an eight-man crew. They are used mostly against long-range artillery to a maximum range of nearly 30 miles. In addition, the division has three Q-36 systems, each with a six-man crew, which are commonly used to detect mortars and shorter-range artillery. For this operation, however, the division has 15 sets, reportedly all the army's radars in Europe.

American planners envision 16 bases from which U.S. armor and helicopter forces will operate in northeast Bosnia, and they acknowledge that even if all 15 radars are operating effectively there will be gaps in the coverage.

The two radar systems that General Walker wants for Sarajevo would be drawn from forces still in Germany, awaiting deployment to Bosnia.

At Tuzla Air Base, four radars currently are operating and they have been the source of considerable consternation in the past week.

The systems have recorded a number of "false positives" — electronic anomalies indicating incoming artillery shells where none exist. But the shoe has also been on the other foot. Army radars illuminating planes have caused surface-to-air missile detection systems on the aircraft to react as if they were being tracked by missiles.

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## French Pilots Were Tortured, Paris Paper Reports

The Associated Press

PARIS — Contrary to the official version, the two French pilots shot down over Bosnia in August were tortured by their Serbian captors and endured mock executions, a newspaper reported.

Citing a military debriefing report marked "defense secrets," the respected satirical weekly *Le Canard Enchaîné* said in its Wednesday edition that the Serbian military commander, General Ratko

Mladic, threatened the pilots with torture and death.

The newspaper did not indicate how it acquired the secret report. The French authorities have prohibited the men from discussing their ordeal.

Captain Frédéric Chiffot and his co-pilot, Lieutenant José Souvignat, were captured when their Mirage 2000 was shot down over Serbian-held territory in eastern Bosnia during a NATO bombing

mission Aug. 30. They were held for three and a half months before their release.

In an apparent attempt to avoid angering the Serbs just as Western forces were to move into Bosnia to enforce a peace accord, French officials claimed the pilots had been well treated. In prison, Le Canard reported, guards kicked the pilots, each of whom had a broken leg, at the site of their injuries. They also were subject to mock executions, it said.

## DOLE: Issue Isn't the Kansas Senator's Courage, but His Convictions

Continued from Page 1

pearing to have a lock on the nomination, while not actually having it, has left the Dole campaign in an odd state of suspension.

Moreover, strategists for rival campaigns are hardly ready to concede. They say that while Mr. Dole has kept his lead in the polls, his support is soft, his favorability ratings are deteriorating and he is unelectable in November.

He is criticized as too old, too much the Washington insider, too interested in brokering deals rather than fighting for principle, and too short on a rationale for why he should be president. Moreover, the perception is that in the early going he has been pandering to the right at the expense of the more moderate voters he must count on next November.

"The single biggest question voters have of Dole is whether he has convictions," said Linda DiVall, a pollster working for a rival, Senator Phil Gramm of Texas.

She said the budget stalemate between Republicans on Capitol Hill and Democrats in the White House was hurting Mr. Dole because he appeared to be

the Republican most eager to compromise.

"He wants to play 'Let's Make a Deal' so that he can go out and claim the nomination," she said, adding that this made him look craven next to Newt Gingrich, the House speaker, who is standing with the Republican freshmen for the principles that conservatives care most about.

James Carville, the Democratic strategist who helped engineer Mr. Clinton's 1992 race and will advise the president again, said the Dole campaign was torn between the task of nailing down the nomination by winning support from conservatives in the party, and the urge to start appealing to the broader, more moderate electorate whose votes he will need in November.

Mr. Carville said he believed Mr. Dole was already trying to move to the center with his recent statements on abortion and the ban on assault weapons, both of which the public at large supports but most conservatives oppose.

Mr. Carville, aware that Mr. Dole has raised more money from special interest groups than any other senator, takes about two seconds to conjure up a potential strategist.

"Is the country really looking for a 72-year legislative mechanic who has a good record delivering for his constituents?" he said. "Someone who in 14 hours has three different positions on abortion — and they're running against us on welfare?"

If the general election were held today, according to the latest CNN/USA Today/Gallup poll, Mr. Clinton would beat Mr. Dole, 52 to 43 percent. But Mr. Lacy predicted that once Mr. Dole became the nominee, he could start to define Mr. Clinton as someone who has failed to keep his promises.

"Right now, voters are judging Clinton in a vacuum," he said. "This weekend, a new Dole commercial in New Hampshire tries to fill that vacuum by fleshing out the story of his life, including the hard times of his youth, when the family lived in their basement in Russell, Kansas, and rented out the upstairs for income."

The commercial, meant to convey Mr. Dole's grit and determination, focuses on his long climb toward wholeness after his 1945 wounds, when his vertebrae were damaged by enemy fire as he tried to rescue a man who, it turned out, was dead.

If the old war footage conjures up questions about age and stamina, he has an answer. "I tell people to follow me around," the fit-looking senator growled in his baritone the other day in his Senate office. "I'm in good health," he added, despite surgery in 1991 for prostate cancer. "If I felt my chronological age, that would be one thing. But everybody is living longer."

"Dole's greatest risk is that people think he is Bush in '92 all over again — an older, establishment Republican without any vision," said William Kristol, a Republican commentator and editor of *The Weekly Standard*.

"The Dole people think he can just beat Clinton on character and maturity, but Bush tried that and lost. In '94, the Republicans beat him on ideology. Dole needs to sharpen the contrast between where he would lead the country and where Clinton would lead it."

He added, "Primary voters want to continue the revolution of '94. Dole needs to convey that a Dole presidency would be a Dole-Gingrich alliance, and the best thing he can do in the next few weeks is defend Newt vigorously."

## Palestinian Police Move Into Sensitive Areas Near Hebron

Reuters

DAHARIYA, West Bank — Scores of Palestinian police began deploying Tuesday in villages near the West Bank town of Hebron, a flashpoint of Arab-Israeli violence, witnesses said.

In Dahariya, once the site of a notorious Israeli Army jail, men cheered as Palestinian police took over the building, which had been emptied of prisoners weeks ago, and threw open the doors to the public.

About 1,000 people, mostly men, crowded the building, some for a glimpse of cells where they had once been held by the Israelis.

Women and children sang and played drums around the building and two huge Palestinian flags were draped from its roof.

"This is a wonderful feeling," said Mohammed Abu Sharkh, 22. "Now we rule ourselves."

He added, "This is what we struggled for all these years, and now it's real."

Israeli troops pulled out of Dahariya in 20 army jeeps. About 80 Palestinian police, some in olive drab and others in blue uniforms, arrived on a bus and several jeeps.

In total, 300 Palestinian police deployed in five villages near Hebron on Tuesday. Hebron itself is set to be partly evacuated by Israel by mid-March.

Palestinian police deployment in the rest of the Hebron district villages will be completed by the end of the year.

Also Tuesday, Israeli troops pulled out of the village of Halhoul near Hebron, but Palestinian police have yet to deploy there.

Israel withdrew from Bethlehem last week, the sixth West Bank town evacuated since last year. Israel is due to withdraw from a seventh town, Ramallah, by the end of the year. Palestinian elections are to be held on Jan. 20.

Israel on Tuesday dedicated a 9-kilometer (6-mile) bypass road around Ramallah to be used by Israelis after their troops withdraw.

Hebron, site of a massacre in 1994 in which a Jewish settler gunned down 29 Palestinians praying at a mosque, is the only Palestinian town with Jewish settlers actually living in it.

Self-rule began in 1994 in the

Gaza Strip and the West Bank town of Jericho under a 1993 framework peace accord between Israel and the Palestine Liberation Organization.

Under the agreement, about 130,000 Israelis settled mostly in the West Bank may remain guarded by Israeli troops.

### Peres Upbeat on Syria

Prime Minister Shimon Peres said he expected results to emerge from Israel's first talks with Syria in six months, Reuters reported Tuesday from Jerusalem. The talks began Wednesday in the United States.

"We do have expectations of the negotiations this time from the Syrians," Mr. Peres told the Japanese television network NHK, according to his spokeswoman, Aliza Goren.

"Perhaps not the substance, but the atmosphere from Damascus is positive," she quoted him as saying.

Israel has been surprised by the negotiations this time from the Syrians, Mr. Peres told the Japanese television network NHK, according to his spokeswoman, Aliza Goren. "We have been surprised by the negotiations this time from the Syrians, Mr. Peres told the Japanese television network NHK, according to his spokeswoman, Aliza Goren. "We have been surprised by the negotiations this time from the Syrians, Mr. Peres told the Japanese television network NHK, according to his spokeswoman, Aliza Goren."

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## EDITORIALS/OPINION

# Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Korea's Opportunity

An extraordinary political drama is unfolding in South Korea. Top government and corporate leaders of the 1980s are being hauled before courts and charged with crimes ranging from bribery to insurrection. Conviction, at least in theory, could lead to long years of imprisonment and even execution.

The architects of this upheaval do not come from some long-suppressed party or minority, but from the Korean governing class itself. The party in power today descends directly from the military-backed leaders who ruled through the 1980s.

President Kim Young Sam, though once an opponent of the military regime, was nominated and elected with the support of many of those his government now prosecutes.

Given that lineage, it is natural to wonder whether the crackdown represents a committed effort to reform Korea's corrupt political and corporate culture, or is actually an attempt to protect the culture by sacrificing the most egregious offenders.

Although the answer will not be clear for some time, the initial signs are promising. The cleansing process can reach a healthy conclusion only if Mr. Kim completes his own rupture with an ambiguous past and establishes himself as the unflinching reformer he now claims to be.

Former Presidents Chun Doo Hwan and Roh Tae Woo have been indicted for launching the bloody 1979 military coup that brought them to power. Soon both will also be charged with responsibility for the 1980 massacre of pro-democracy demonstrators in the city of Kwangju, and Mr. Roh is charged with maintaining

a \$650 million political slush fund while he was president.

The chief executives of leading companies like Daewoo and Samsung are accused of systematic bribery to win government contracts and favors.

If convicted, the former presidents are likely to be severely punished, and the corporate leaders can expect to be heavily fined and see their political and economic clout diminished.

More significantly, if the prosecutions go forward, Korea's top political and business leaders will be put on notice that the rule of law, which applies to their fellow citizens, will now apply to them as well.

The benefits of such a cleansing would be broadly felt. Future governments would have less to worry about from military plotters. A new generation of politicians should find it easier to gain power. Companies would have to compete on the price and quality of their products rather than the size of their payoffs, and new entrepreneurs would have a fair chance to bid for government contracts.

For Korea to achieve these results, Mr. Kim must refrain from interfering with the investigations to protect his political allies or himself. Though Mr. Kim first made his name as an opponent of the Korean dictatorships, and endured years of house arrest for his outspokenness, he made his peace with the ruling party in 1990. In exchange, the party nominated him for president in 1992.

Korea has an opportunity today to establish itself as an East Asian model of prosperity and democracy built on a respect for law. Mr. Kim and his countrymen should not settle for anything less.

—THE NEW YORK TIMES

## Amend Nuclear Course

The Senate made a big mistake in its recent authorization of early deployment (by 2003) of a big-scale national defense against a missile attack from ...

That's the first part of the problem — from where? Russia has plenty of loose weapons around but is out of the business of strategic threat. China lacks the capability. The rogue-bomb countries are restrained by their weak technological bases. The idea of a missile-proof umbrella over the continental United States, plus Hawaii and Alaska, plays on many people's imaginations. But the need is demonstrably remote, and research, vigilance and maintenance of the American deterrent can hedge the risks.

The second error is even larger. The vote undermines realistic steps that are being successfully taken to bring threatening missiles under control and dramatically reduce their numbers by way of the existing arms control treaties with the Russians. These mandate real, dramatic and continuing reductions in the world's most dangerous weapons. But even as the Russians under-reduce some weapons under one treaty, Congress by its missile-defense ambitions threatens to bust another treaty (the Anti-Ballistic Missile Treaty) so that the United States could neutralize their

remaining weapons. This is what American missile-defense enthusiasts ignore. Sam Nunn, one of the Senate's most sober and serious students of these strategic matters, warns of the "supreme folly" of a missile defense proposal that could induce Russia to scuttle arms reductions in the belief that Washington intended to break out of the ABM Treaty.

The Cold War is over. There is no reason to think the economically diminished and politically disrupted Russians are planning an attack or are in a position to do so if they wanted to. But the fact remains that governments are extremely touchy about these delicate strategic arrangements, and a rude unilateral alteration in them can have unwanted and disturbing political consequences.

In this case, a Russia struggling to cope with the meltdown from superpower status and empire could halt or slow the still-vital mutual arms cuts that were put in place by George Bush. That would undercut the example of disarmament that lies at the foundation of American (and Russian) efforts to induce others to disarm or to forego nuclear weapons of their own. Congress needs to work its way back to the right nuclear course.

—THE WASHINGTON POST

## More Housecleaning

The report released last week on Ruby Ridge by a Senate subcommittee on terrorism is the first public account of that debacle, though at least seven other studies inside the FBI and the Justice Department have been completed and their contents leaked. The report provides an evaluation of the terrible mistakes made in connection with the Idaho siege in which three people died.

Randy Weaver, the white separatist whose failure to appear for trial on gun charges precipitated the crisis, was at fault. But one law enforcement agency after another that became involved in the case handled it badly. A jury believed Mr. Weaver had been entrapped initially by the Bureau of Alcohol, Tobacco and Firearms. That agency spread false information about his background — he had never been in trouble with the law — leading others to believe he was a violent felon and to overreact in response.

Attempts to approach the Weaver cabin, where he lived with his wife, children and a friend, were planned poorly and then botched. The FBI authorized outrageous shoot-on-sight orders to its sharpshooters and then bungled both its responsibility to federal prosecutors in the case and internal investigations that ensued. The FBI lab was sloppy and unresponsive, the search of the crime scene was defective and the testimony of some law enforcement agents contradictory.

The subcommittee makes suggestions for reform; many have already been put into effect by the FBI director, Louis Freeh. The report also questions the wisdom of having multiple investigative

agencies that sometimes duplicate efforts and trip each other up. The BATF will undoubtedly be the target of any reorganization, and in light of its mistakes, that would be warranted. The sensitive subject of alleged criminal actions taken by law officers was not addressed by the senators, who didn't want to hinder possible prosecutions. Cover-up is the charge here, with the familiar disappearance of documents, misplaced loyalties and scapegoating.

Five high officials of the FBI have already been suspended, and indictments are a real possibility. The subcommittee report should spur these related investigations and provide additional impetus for the internal housecleaning still to come.

—THE WASHINGTON POST

## Other Comment

### A Tent of Peace

Surely nothing would capture the imagination of young people everywhere than a gathering of all of us, standing together and declaring — and when I say all of us, I mean all the leaders of the Middle East, all the 20 of them, not one by one, but together — and declaring the end of war, the end of conflict.

Carrying the message to our forefathers and to our grandchildren that we are again, all of us, the sons and daughters of Abraham, living in a tent of peace, again.

—From remarks by Shimon Peres (The Washington Post)

# The Ill-Tempered Gate-Closers Endanger America

By A. M. Rosenthal

NEW YORK — Take in the stranger, care for him. The major religions of the world all teach that. At the time of holidays — holy days — that might be worth thinking about.

The above paragraph is a blatant attempt to use religion, the holiday season, emotion, compassion and sentiment in the cause of a generous American immigration policy.

Yes, and it is an unashamed effort to call down the words of Jehovah, Jesus, Allah, Krishna, Buddha and the great Sikh gurus to smite and warn American politicians who fight to keep narrowing the opening in the gates of America.

They struggle, with all their sour passions, to treat legal immigrants as a special caste to be deprived of rights and privileges for the offense of being foreign-born.

Well — I really do not expect religion to move American politicians and their propaganda mentors who want to create America in their image — America the Mingy, mean from shore to shining shore. But when the stranger sets immediately to build cities, take in crops and strengthen the country with his skills, culture and genius, we get that lovely combination —

virtue and responsibility coming together to promote our self-interest. That is what generous immigration gives us, a thought that might move Americans who sit by, not noticing its approaching demise.

As a holiday gift, I give you three particularly useful recent pieces on immigration.

Julian L. Simon, a professor of business at the University of Maryland, has put the essence of his noted immigration studies into 51 pages — "Immigration: The Demographic and Economic Facts."

Here's a taste, backed by statistics, to answer the charges made by the gate-narrowers en route to their goal of gate-closing:

Despite the propaganda about America's being overwhelmed with immigrants, the rate of immigration is about one-third what it was at the beginning of the century. Immigrants do not increase the rate of unemployment among native-born Americans. Total per capita government expenditures on immigrants are much lower than those for the native-born. The education levels of immigrants

have been increasing every decade. Natural resources and the environment are not at risk from immigration — in fact, they are helped by the technical knowledge it brings.

You can get this report from the Cato Institute, a conservative think tank, at 1000 Massachusetts Avenue, N.W., Washington, D.C. 20001. It is excellent for smiting.

But the immigration issue is not just about statistics. Without immigration, America would not have long existed. Now, without immigration, it cannot exist as a world power. Immigration helped create the weaponry and technology, from the atom bomb to the cruise missiles of the Gulf War that empowered America militarily.

Today, immigrants of genius are essential to American industry and high standards of life. One-third of all U.S. Nobel winners are foreign-born and, judging by mathematical doctorates, science degrees, prizes and publications, one-third of American geniuses are foreign-born. Those conclusions come from "Geniuses From Abroad" in the Wall Street Journal of Dec. 18, by George Gilder, a fellow of the Discovery Institute in Seattle.

It would be handy if the United States could just pick up geniuses full blown, rejecting all others at the gate.

But geniuses have a way of arriving in America disguised as little kids. Or they come from the wombs of non-genius immigrant mothers. That's the way it works.

But when an immigrant or immigrant-family genius does flower, he turns out to be thousands of times more productive economically than ordinary people — a reality ignored by too many economists.

Then, for an idea how gate closers are endangering immigration and perverting the constitution, read the analysis of the anti-immigration measures now pending in Congress.

Get it from the National Immigration Forum, 220 I Street, N.E., Suite 220, Washington D.C. 20002-4362. Then have a chat with your local Congress member, a lot of chats.

I wish I had a pulpit to instruct the anti-immigration types that their defiance of the religious commandments on the stranger weakens their country and, incidentally, endangers their immortal souls, but a column will have to do.

The New York Times

# Japan Bids Good Riddance to 1995, Year of Disaster and Scandal

By Roger Buckley

TOKYO — Japan can't wait to see the end of 1995. After a year of doom and gloom, the Japanese government and public are hoping that at last the fallout from the Kobe earthquake, the urban terrorism linked to a bizarre religious cult and the Daiwa banking scandal will finally be put behind them.

The year 1995 will go down in history as the worst for Japan in a generation. Not since the first oil shock of 1973-74 has the nation experienced such turmoil and belatedly discovered that it does indeed have feet of clay. The self-congratulatory rhetoric of the recent past is dead. It is no longer possible to speak breathlessly about the virtues of the Japanese industrial system or the purported harmony of its "unique" society.

The revealed faults of Japan's closed bureaucratic-business-political world have been an eye-opener for many Japanese, and it will be increasingly hard to stick to the old "iron triangle" state back together again. Criticism of the manner in which the top echelon of economic bureaucrats failed in its supervision of Daiwa, and about the still-unresolved issues of who should bail out the bankrupt credit unions, is now widespread.

The Japanese public sees fraud and connivance and is unlikely to swallow for much longer the myth that the Tokyo University-educated bureaucrats have all the answers. Deference and obedience hardly accord with the searching questions being asked about why expressways buckled in the Kobe earthquake and why financial bureaucrats kept quiet over busted banks.

Clearly the postwar system that designed an economy and conditioned a nation to break its back for national reconstruction and growth is in jeopardy. The "iron

triangle" has produced only a prolonged recession and a confused public that has few heroes left. Japan is not mad as its politicians; it never had many illusions about its elected officials in the first place, and the present confusions over political parties' swallowing their professed ideologies to gain office only confirm public cynicism.

It is rather the continuing saga of the national economy and the all-too-visible inadequacies of the supposedly best and brightest bureaucrats that worry the Japanese public.

Corrupt politicians could be depicted as long as the men in dark suits from the ministries were in charge and knew which levers to pull to keep Japan afloat. Few Japanese now want anything to do with a more controlled Japan, except to outlaw religious cults that leave poison gas on the subway.

Many would be grateful, though, for some reassurance that Japan's leaders can get them out of their economic hole and stop the present demoralization.

However, 1996 is likely to bring partial remedies to some of Japan's ills.

The probability of a general

election is high. Whatever the outcome of the contest between Prime Minister Tomichi Murayama's strange coalition and the opposition New Frontier Party, it will at least provide an opportunity to clear the air.

Japan may also see the long-awaited upturn in its economic

*The unspooling crises have been eye-opening for the Japanese public.*

fortunes. Government forecasters have gotten egg on their faces in the past, but this time it does seem possible that the economy could actually rebound to achieve 2.5 percent growth in 1996, after adjustment for inflation.

While this is hardly a spectacular performance for those who recall an earlier Japan, it is decidedly good news for the many hard-pressed small businesses, struggling households and unemployed graduates.

Any future Japanese government could therefore inherit an improving economy and a less anxious public mood.

Until then, however, Japan has to soldier on with its old pilot and a dispirited crew. The ship is not off the sandy yet.

The writer, who teaches history at the International Christian University in Tokyo, contributed this column to the International Herald Tribune.

# Australians Confront Their Misgivings About Living With Asia

By Denis Warner

MELBOURNE — A large placard, urging Australians not to forget the murder in East Timor of television crew members from Australia in October 1975, appeared on a busy Melbourne road soon after the recent signing of a security treaty with Indonesia.

The vocal body of opinion that the placard represents, the volley of protesting letters to newspapers and the serious doubts that have been expressed about the way the treaty was negotiated in absolute secrecy reflect the difficulty Australians have about living with Asia.

Australians have long been conscious that their country is vast, sparsely populated, vulnerable and far removed from traditional friends in Europe and

North America. Before World War II, Australia clung tightly to Britain, its former colonial power. After the Japanese assault on Pearl Harbor, which brought the United States into the war, Australia looked across the Pacific for American help.

Much of the country's subsequent military involvement in Asia — in the Korean War, in Vietnam, in Malaysia during the struggle against Communist insurgents in the 1950s and in support of Malaysia against Indonesia's confrontation in the early 1960s — was intended to nurture those protective links with distant friends in the West.

Change began before the end of the Cold War and has been greatly

accelerated since with the determined bid by Prime Minister Paul Keating to go it alone in developing much closer ties with Asia.

The treaty with Indonesia is the most spectacular manifestation of this policy trend. It says that the two countries will consult each other "in the case of adverse challenges to either party or to their common security interests, and, if appropriate, consider measures which might be taken either individually or jointly" in accordance with the processes of each government.

Indonesia's booming economy, which is growing at an annual rate of more than 6 percent, and its location between Australia and mainland Southeast Asia make it

a country of great significance for strategic and economic planners in Canberra. Indonesia's population of about 200 million exceeds by more than 10 times Australia's population of 18 million.

Early in the next century, Indonesia will be a power of major economic weight, providing extensive trading and investment opportunities for Australia. More importantly, Indonesia could be either a bridge or a barrier to any threat from the north.

For these reasons, the treaty makes a lot of sense for Australia. However, public opposition to it is growing and the United States may not be entirely happy either. Australia and the United States are partners in the ANZUS mutual defense treaty. In the past, when Indonesia's expansionism under President Sukarno led to the threat of war over West Irian and to actual, if small-scale, fighting between Australian and Indonesian forces in Borneo, Washington did not conceal its concern that it might be drawn into a conflict in which its own vital interests were not at stake.

The wording of the new security treaty does not commit Australia to action should Indonesia become involved militarily in the South China Sea (where Chinese claims overlap a huge Indonesian natural gas project) or elsewhere. But it does raise possibilities that most interest any U.S. administration.

Within Australia, the cloak of secrecy that surrounded negotiations on the treaty, and the fact that the Australian Parliament was not informed until after they were concluded, is a source of increasing criticism. The anti-Indonesian lobby in Australia is vo-

cal and commands considerable space in the media. Any suggestion that a treaty with Indonesia was in the making would have led to demonstrations designed to derail the negotiations.

Yet the secrecy raises disturbing questions. "Is this the price for our becoming part of Asia?" asked Alan Wrigley, a former deputy secretary of the Australian Defense Department. "The democratic mechanisms that we have long prided ourselves were a fundamental part of the heritage we took from the Western democratic tradition have simply been laid down to be walked over by a process of stealth and preemption."

Despite the treaty, it is clear that a substantial number of Australians continue to regard Indonesia with doubt and suspicion. Indonesia, says a former Australian diplomat, "is not exactly a role model for emerging democracies in Asia or elsewhere."

Yet, ratification of the treaty by Parliament is not in doubt. And its approval will mark a very long step forward for this still predominantly Anglo-Saxon country in the policy of engagement with Asia.

The writer, a former Asia correspondent for Australian and British newspapers, contributed this column to the International Herald Tribune.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

# Protests Pinned the Gap to the Wall

By Bob Herbert

NEW YORK — Sometimes there is good news. The Gap, under strong pressure from consumers and worker rights activists, has agreed to allow independent observers, including human rights officials, to monitor working conditions in the factories in Central America in which Gap clothing is made.

If carried out in good faith, the agreement would curb many of the abuses of the young and mostly female workers who put in long hours at very low pay in the so-called maquiladora factories. These are independently owned sweatshop operations that have been set up in free-trade zones to produce goods for large retailers in the United States and elsewhere.

The conditions are often miserable. Forced overtime is common. Marathon shifts during peak production periods can last 20 hours or more. Many of the factories employ children, which is illegal. And until now, all attempts by workers to organize and form unions have been ruthlessly suppressed.

Retailers always insist they won't tolerate such abuses, while at the same time claiming to be unaware of them. When the abuses are brought to light, the companies inevitably shift into a defensive public relations mode — their highest priority being to ward off negative publicity.

The Gap, in an accord with the National Labor Committee that was signed recently, has moved beyond public relations. The agreement says, "Gap and the NLC feel that it will be helpful to use the Human Rights Ombudsman's offices in El Salvador and other Central American countries to monitor

factory compliance with the Gap's 'Sourcing Principles and Guidelines.'

All of the major retailers have drawn up principles and guidelines — codes of conduct — for their subcontractors to follow. The guidelines are supposed to protect the rights of workers and

*The new agreement aims to protect sweatshop workers.*

ensure humane conditions, but they are routinely ignored. The Gap, by signing this agreement, is saying it will no longer allow its guidelines to be ignored.

"This is an important step," said the U.S. labor secretary, Robert Reich, in an interview.

"It is something of a watershed. The major retailers and manufacturers have been somewhat reluctant to police their contractors [in the United States] and abroad. This raises the question for other big retailers who haven't moved in this direction — why not?"

The agreement refers specifically to the Mandarin International plant in El Salvador, which recently crushed an attempt by workers to form a union. Union leaders and many union members were fired.

The agreement says: "Mandarin International has agreed to meet face to face with nonworker union officials and workers to negotiate and resolve their differences. This meeting will take place at the Ministry of Labor in the presence of a rep-

resentative from the ombudsman's office. It is the fervent hope of the Gap and NLC that this meeting will result in the offer of reinstatement to the seven nonworking union leaders and other members."

Mandarin is not bound by the agreement, but it is understood that if a fair settlement cannot be reached with the union workers, the Gap will no longer do business with Mandarin. And if the Gap severs all ties to Mandarin, other large companies can be expected to do the same.

The pressure on the Gap and other retailers began in earnest last summer when two young maquiladora workers, on a trip sponsored by the labor committee, toured several cities in the United States and Canada. The reaction to their plight was intense. Consumers were outraged. Students joined in letter-writing campaigns. Religious groups organized protests.

Two rabbis from Congregation B'nai Jeshurun in New York City wrote a letter to Donald G. Fisher, chief executive of the Gap and Banana Republic empire, which said, "Before we publicly announce to our congregation that shopping at the Gap and the Banana Republic is a violation of Jewish ethical laws, we would like to hear from you if there are any plans to immediately correct those violations."

"This thing touched a chord," said Charles Kernaghan, the executive director of the National Labor Committee and the leader of the campaign on behalf of the workers. "People are not interested in wearing clothes made by exploited workers and children."

The New York Times

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

### 1895: Rights Denied

PARIS — Mme. Eugénie Potonié-Pierre has sent a petition to the Chamber of Deputies asking in the name of the Groupe de la Solidarité des Femmes for the repeal of Article 324 of the Penal Code and the right for women to sit on criminal juries. It has been rejected. The article in question states that in the case of adultery by the woman, murder committed by the husband upon the wife as well as upon her accomplice at the moment they are surprised together, is excusable.

the Parliamentary Vigilance Board and the Permanent Emigration Committee to consider what steps may be taken. It is believed that pressing representations will be made to the Foreign Minister urging the necessity of diplomatic conversations with the United States on the subject.

### 1920: Italians Worried

ROME — The passing of the Bill in Washington temporarily prohibiting immigration into the United States has alarmed the Italian Government. For many reasons emigration is a vital necessity for Italy, and a dam raised against one of its principal currents constitutes a serious economic danger. An urgent joint meeting has been held of

the Parliamentary Vigilance Board and the Permanent Emigration Committee to consider what steps may be taken. It is believed that pressing representations will be made to the Foreign Minister urging the necessity of diplomatic conversations with the United States on the subject.

### 1945: Useful Technology

WASHINGTON — One of the Navy's most carefully guarded war-time secrets, a navigational device using electronics to obtain extreme accuracy in fixing aircraft and ship position, is likely to be among the first war-inspired inventions to gain large-scale peacetime use. The device is known as Loran, from a shuffling of the letters in its description: long-range radio navigational aid. With its use a ship in mid-ocean surrounded in fog, or a plane traveling overseas in heavy weather, can locate its position in minutes and set a certain course for its port.

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## OPINION/LETTERS

## There's Just No Way Around Health and Taxes

By E. J. Dionne Jr.

WASHINGTON — If death and taxes are inescapable parts of life, health care and taxes have become an inescapable part of politics. Those issues will be around long after the current budget wrangle gets resolved. Look carefully at the travails of Bill Clinton in his first two years and the travails of the congressional Republicans now: So much of their trouble grew out of the confusion, anger and fear that these two matters generate.

The problem with the current budget fight is not the lies that each

**The discontent that creates the demand for deficit reduction is not rooted in budget numbers.**

side tells, but the fact that partial truths are used to keep the debate from focusing on the whole truth.

On health care, of course the Republicans are right to say that the costs of Medicare and Medicaid have to be contained. President Clinton said exactly the same thing when he presented his health care plan — at a time when the Republicans were insisting that there was no health crisis.

But the real issue on health is not simply whether the cuts the Republicans propose are too deep, which even the staunchest deficit hawk believe they are. What matters most is how the country will deal with the larger paradoxes created by a health care system that is simultaneously a smashing success and a mess.

The genius of the health system — its ability to generate new breakthroughs in treatment, technology and research — is the very reason why it is so expensive. We Amer-

icans like all the good parts, but we don't like the costs this magnificent contraption imposes on our own pocketbooks, on the government and on our employers.

Given this disjunction, politicians will always have trouble with the health issue: They can either pretend that we can have it all for less, which hurts their credibility, or they can be honest that some trade-offs will have to be made, which costs them votes. Medicare and Medicaid are an important part of that question, but only a part. Whatever happens to those programs this year, you can be sure that politicians will revisit the health issue over and over.

On taxes, there is a strong case for a middle-class tax cut and an equally strong case for not cutting government revenues at all. These arguments need not be contradictory.

For the moment, the American economy is behaving differently from what we came to expect in the three fat decades after World War II. Growth is less evenly distributed than it used to be. Even as the economy produces jobs and profits, a lot of people in the middle and bottom correctly sense that their living standards are stagnating or skidding. That is why the slogan of John Sweeney, the AFL-CIO president — "America Needs a Raise" — will be popular.

One way to give middle-income workers a raise is for the government to take less out of their paychecks in taxes. Representative James Longley, a freshman Republican from Maine, made exactly that argument on ABC's "Nightline" last week. His defense of the Republicans' tax cut rested entirely on rhetoric that the AFL-CIO might use about the need for government to help ease the pressures on average workers.

Mr. Longley had a point, but there were two problems with his argu-

ment. By correctly highlighting the problems faced by workers whose incomes are dropping, he ignored all those parts of the Republican tax proposal that confer new benefits on the well-to-do. A tax cut confined to those Mr. Longley mentioned would be a lot smaller than the one Congress passed.

Moreover, the Republicans cannot claim that their central purpose is to balance the budget in seven years if they simultaneously insist on cutting government revenues by more than \$200 billion in the same period. If the Republicans took tax cuts off the table, the budget problem would be much easier to solve.

But both Mr. Longley and Mr. Sweeney point to the right underlying question: What needs to be argued about is whether the shape of the whole tax system is wrong, given that so many families are not getting the raise they would have a right to expect from economic growth. If the benefits of growth are more concentrated at the top than they used to be, then the share of taxes paid by those in the middle and the bottom probably should go down.

There are a lot of ways to do this without cutting government revenues and expanding the deficit: for example, by redefining the tax rates to make the code slightly more progressive; by moving away from regressive payroll taxes, and by closing loopholes that both distort the market and reward comparatively few taxpayers.

The point here is not massive income redistribution, but precisely the opposite: to prevent a redistribution that further shrinks the middle class. Proposing a mix of tax increases and tax cuts is a lot more complicated than an argument in which the alternatives are: Yes, cut taxes; or no, cut the deficit. But the



Four trillion and seven hundred billion dollars ago.

more complicated argument does justice both to deficit reduction and to the legitimate claim of millions of Americans for some financial relief.

The point on both health care and taxes is that no matter how this year's budget fight comes out, it will not more resolve the big issues than did the bloody battles over the Clinton budget of 1993 or the Bush budget of 1990. The popular discontent that creates the demand for deficit reduction also makes it harder to sell deficit reduction. That is because the discontent is not rooted in abstract budget numbers. It grows out of real worries about incomes, living standards and health costs.

If the deficit debate evades those worries, no amount of negotiating or posturing will create popular support for an honest plan to reduce the red ink. We will just keep having this ugly fight again and again and again.

The Washington Post

## How the Navy Fights Sinking Feelings

By Guy Gugliotta

WASHINGTON — You're in command of a cruiser, steering a sinuous course to avoid menacing enemy submarines. Suddenly your port lookout spots a telltale trail of foam about 200 yards away and coming fast.

"Torpedo off the port bow!" he calls out.

Instead of yelling "Yaaaah! Left hard rudder!" and exposing your-

## MEANWHILE

self as a demanding, inconsiderate tyrant, why not take a more considered approach?

Learn from the Navy Department's manual "Managing Fear in the Workplace."

"It is common to shoot from the hip and react to what the employee is saying," the manual says. "A leader who manages fear effectively is patient and understanding." Furthermore, "Managers should not kill the messengers; better yet, messengers should be rewarded."

So instead of acting hastily, you walk to the port wing, greet Seaman Jones with a hearty "How's family, kid?" and thank him for his vigilance. "Good work! Here's a Toosie Roll."

Then it's back to the manual: "Leaders must respond to employees' concerns and ideas quickly," it says. "A quick response is the best incentive to keeping people communicating their concerns."

It is also the best way to stay alive, so go for it: "Yaaaah! Left hard rudder!" you scream, confident now that you have made the correct decision while also creating trust among employees.

According to Linda Doherty, director of the navy's Total Quality

Leadership Office, "Managing Fear" is one of the office's enduring favorites. She cautions, however, that it is not designed for captains in combat.

"When there are missiles incoming, there's not a lot of conversation," she said.

"Managing Fear" helps the navy with today's less romantic tasks: closing bases, mothballing ships, cutting personnel and dealing with thousands of frightened, soon to be out of work employees. The idea is to apply "Total Quality Management" — or TQM — to naval bureaucracy, except that naval officers lead, rather than manage.

Leadership, Ms. Doherty said, is management with an inspirational element, something in short supply these days.

TQM embraces the business-speak so popular with Vice President Al Gore: the House speaker, Newt Gingrich, and other hip, modern leaders in Washington. TQM is "re-engineering," "downsizing," "implementation," "partnering" and "mission performance."

Ms. Doherty acknowledged that much of it is common sense dressed in exotic language.

"In fear-based management cultures, people tend to focus on eliminating the threat," "Managing Fear" says. On the shop floor, they call this "my way or the highway."

Ms. Doherty recommends thinking about the job. When an airplane comes in for an overhaul, instead of "different departments becoming involved along an as-

sembly line," set up a team to do all the jobs. Everybody works together, regardless of department, seniority or rank.

This cuts paperwork, avoids repetition and saves time and money. TQM measures — in dollars or hours — savings from innovative methods, Ms. Doherty said, and it works.

"Managing Fear" is popular, she said, in part because of base closures.

"Management should take the lead in speaking up about fear," the manual says. It's better to say: "We're closing down in six months, and I'm interviewing at K mart for a cashier's job" than "No sweat, we'll all get hired by the civilian contractor when they take over," which you know is a crock.

Although "Managing Fear" may not be useful in combat, Ms. Doherty said the fleet can use it in routine tasks "like getting under way" — the all-hands job of unmooring, making steam, saluting the admiral and navigating a narrow channel to open sea.

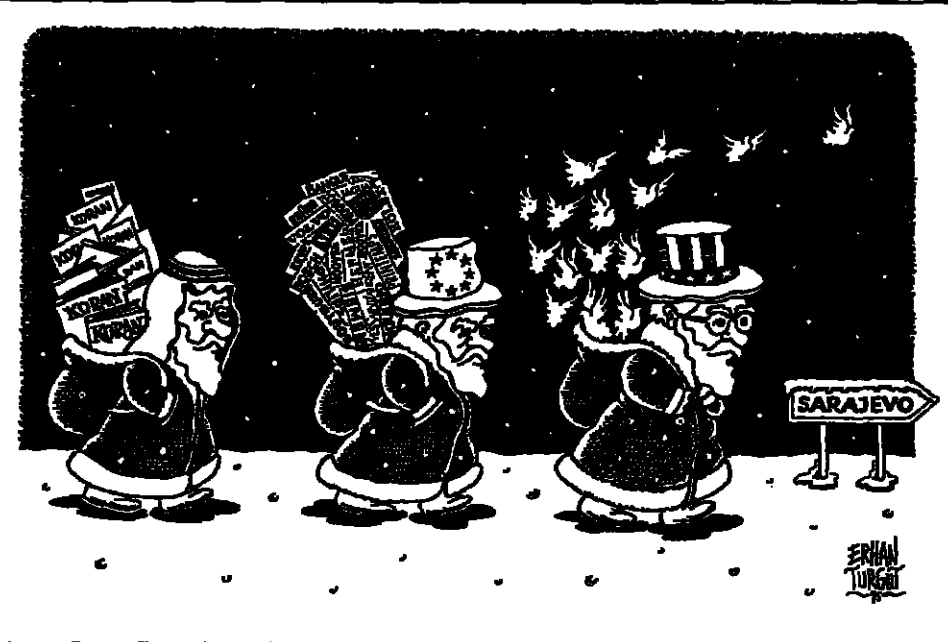
"Excuse me, Chief," says Seaman Jones. "Don't you think you were a little short with Seaman Smith when he dropped the mooring line over the side a moment ago?"

"SHORT?? That little (expletive) is lucky I didn't strap him to the (expletive) windlass and throw the (expletive) switch!"

Wait a minute, Chief. Better look at "Some Attributes of a Leader" in "Managing Fear." Be "a coach and counselor, not a judge." Also, a leader "does not expect perfection."

And clean up your act.

The Washington Post



## LETTERS TO THE EDITOR

## Workers' Concerns

Regarding "U.S.-British Capitalism or Europe's Model of Social Capitalism?" (Opinion, Dec. 15) by William Pfaff:

The writer asserts that American living standards have fallen since 1980. In fact, data on real hourly compensation per worker, which includes the nonwage portion of payrolls, show that private industry employees are now paid more than at any time in the post-World War II period, although reported real compensation gains have been relatively slow since the mid-1970s.

Most economists now agree that part of the apparent stagnation in compensation is measurement error in the index used to account for inflation. Broader measures of living standards, such as gross domestic product per capita, have continued to show strong improvements. Also, data on consumption show stronger growth than do compensation or income data.

While some Americans are falling behind, the Department of Labor's recent "Report on the American Workforce" illustrates that three-fourths of the wanted decline in the middle class resulted from families moving into the upper class between 1969 and 1993.

That Mr. Pfaff believes the pay of 434 executives somehow proves any point is disappointing. There are important public policy issues that need to be addressed as inequality grows in America. They have little or nothing to do with executive compensation, however high it may seem to the rest of us.

KENNETH L. DEAYERS, Washington.

The writer is chief economist of the Employment Policy Association.

I found Mr. Pfaff's article and Russell Baker's "Downsizing the Dow" (Leisure, Dec. 15) refreshingly honest.

The dirty secret: The principal beneficiaries of modern capitalism are bloated corporations and overpaid CEOs. The Chiapas rebellion, the French strike and similar displays of angst are reactions against the direction that the world is head-

ing. The security of normal people everywhere is eroding now that Hollywood and Wall Street have taken over even Sweden.

Having lived in different parts of Europe, the last thing I want to see my country export is its economic philosophy. Americans have been living with much less social security for many years, yet a strike similar to the recent one in France would be unthinkable in the United States. It would be too "subversive." Simply put, American workers are expected to be docile suckers.

SVEND A. WHITE, Paris.

Regarding "Woe to the Unreformed Welfare States" (Opinion, Dec. 19) by George Will:

The recent strikes in France, Mr. Will would have us believe, are a stark warning to those who still think that government has anything but a distant mediating role to play in the world economy.

Using ridiculous hyperbole, he asserts that the welfare state has brought the French back to the "war of all against all" that Thomas Hobbes saw as the human condition before the institution of government.

Mr. Will fails to mention that the strikers in France received very substantial popular support, even after weeks of strike-related hardship. He also fails to mention the hundreds of thousands of students who demonstrated.

Persistent, massive unemployment is the big divider and cause of anxiety in French society. This is just as true for those who have not yet entered the labor market. They are afraid of conscription into the "reserve army of skilled workers" that Mr. Will apparently finds so salutary.

GEOFF MANSFIELD, Hong Kong.

Regarding "What Happens if There Isn't Any Work?" (Opinion, Nov. 29):

Richard Reeves writes of the growing disparity between the incomes of the rich and the poor, the CEOs, lawyers, doctors and brokers and the working people.

We also see the phenomenon of social services under the ax everywhere, because govern-

ments no longer can afford them. We have seen socialism go down in flames. The cynical and corrupt men and women who learn to profit from any system dominated and helped run it into the ground. Are those who are presently eliminating the American social safety net for their own gain any better than the *nomenklatura*?

As the American working class is shunted aside and American jobs channeled to societies with low wages and no environmental or worker-protection laws, as corporations worry only about shareholders and not the public at large, we are setting the stage for another workers' revolution.

MARY P. LECHVALIER, Morrisville, Vermont.

## Mexican Risk

Regarding "The Plot of This Mexican Thriller Is Simpler Than May Appear" (Opinion, Dec. 18) by Thomas Friedman:

The most important point of Mr. Friedman's opera buffa is that "this drama is only unfolding on America's doorstep." What the United States does to decrease its consumption of illegal drugs and help Mexico eliminate the Mexican narco-lords will decide Mexico's future.

Until then, President Ernesto Zedillo is better off "hidden in his office with his calculator" rather than out with his people, as the writer Carlos Fuentes suggests. Calculators can't put three bullets in his head.

STANLEY A. WEISS, Phuket, Thailand.

## A Cigar Wrap-Up

Regarding "Labor of Love and Profit: Little Havana Cigars" (Leisure, Nov. 25):

As a cigar aficionado, I took great offense at the writer's assertion that the Torpedo is "considered by connoisseurs to be among the best, if not the best cigar in the world."

This ignores the simple fact that only handmade Havana cigars are worth smoking. All other brands made anywhere outside of Cuba pale by comparison.

GORDON M. SAKS, London.

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## STAGE/ENTERTAINMENT

Rolling Stones Move On  
To Their Future and Past

By Dimitri Ehrlich

**N**EW YORK — About a year ago, two middle-aged Englishmen were having a discussion about what their next venture should be. One was interested in exploring interactive computer technology; the other preferred to stick to more familiar terrain.

The two are founding partners in an organization that has over 30 years earned hundreds of millions of dollars. Their names are Mick Jagger and Keith Richards, lead singer and guitarist, respectively, of the Rolling Stones. Their business is rock 'n' roll, and they have succeeded in creating, and marketing, it with unrivaled longevity.

Last year the Stones completed a world tour that set records for earnings, bringing in more than \$300 million. Now the band has simultaneously plunged forward into cyberspace and backward into their musical past.

With the recent release of the "Voodoo Lounge CD-ROM" and the establishment of a World Wide Web site (<http://www.stonesworld.com>), the Rolling Stones dove headfirst into the realm of electronic media.

The band also took a long glance back with the release of "Stripped," a mainly acoustic album recorded during rehearsals and a few live performances from last year's tour.

"The intention was always that this was going to be an unpolished thing," Jagger said of "Stripped." "And not a great new studio thing, nor another album of stadium rock favorites, because we'd done that, so why do it again?"

Several false starts and untidy bits of background noise have been kept in, to preserve the album's intimacy and informality.

The idea for "Stripped" came to Richards while he was listening to tape recordings of the Rolling Stones' rehearsals for the Voodoo Lounge tour. "We were trying to decide what kind of live album to do," he said. "And someone said the magic word: 'acoustic.' Which, to me, doesn't necessarily mean the instrument is made by Stradivari. It means a certain kind of feel."

Indeed, "Stripped" is all about feel. Jagger's voice has lost some of its pliancy, but his appeal as a singer has always had more to do with the charming, sneering attitude of his vocalizing than with any technical prowess.

What the Stones have done on "Stripped," in addition to remaking blues classics that have long been part of their live act, is to mine their own work for an album of loose, mellow renditions that showcase their quiet mastery as performers.

Six of the 14 tracks on "Stripped" are ballads, and the sped-up pace that has marked some past live albums is slowed. On love

songs like Richards' solo tune "Slippin' Away" and the perennial prom favorite "Angie," the band sounds more comfortable playing with restraint than ever before.

"We're still learning about tempo," said Richards. "It's all live and learn. We're on the edge. We could fall over at any minute."

The Rolling Stones are often criticized for being past their prime, but the reason has little to do with the group's musicianship. The perception among critics is that Jagger and Richards are no longer able to write with the same degree of inspiration that produced their classic work and have essentially been rehashing the same material for years.

Perhaps, with the release of the CD-ROM, the Stones were seeking to imbue their image with a renewed sense of hipness. But with features like biographical sketches of the blues musicians who influenced the group, the CD-ROM ends up emphasizing the arcane.

Jagger and Richards, who have known each other since childhood, have come to embody opposite aspects of the Rolling Stones' persona. Once a student at the London School of Economics, Jagger has long been computer literate and was deeply involved in the planning and execution of the CD-ROM.

During a recent interview at a New York City hotel, Jagger, dressed in a tweed jacket and sipping tea, appeared more like an exhausted college professor than the man whose name has become synonymous with rock star.

**R**ICHARDS, on the other hand, would not easily be mistaken for an academic. A week later, decamped at another Manhattan hotel, Richards drank vodka and cranberry juice and smoked cigarettes.

Although Richards was initially less enthusiastic than Jagger about the CD-ROM project, "Stripped" was clearly a unified effort. In addition to the striking level of musical chemistry at work on it, there is a sense of vulnerability and tenderness in the songs that only the most amateur or the most confident players can afford to display.

The appeal of the Rolling Stones has always owed much to the balance between cleverness and soulfulness, between Jagger's craftsmanship and Richards' instincts. That balancing act has allowed them to make music for the masses that has also had critical credibility.

Because these elements of intellect and instinct have remained in flux, the band's sound has never stagnated.

"The Rolling Stones are always looking for the Rolling Stones," Richards said.

Dimitri Ehrlich, a contributing editor at Interview magazine, wrote this for The New York Times.



Adrian Lester as Bobby in the Sam Mendes production of Stephen Sondheim's "Company" at the Donmar Warehouse.

## Pulp Playwrights and Poker: '95 on Stage

By Sheridan Morley

International Herald Tribune

**L**ONDON — So what kind of a year have we had in the London theater? Violent for a start: The most influential director around has been neither Sam Mendes nor Stephen Daldry but Quentin Tarantino, who without leaving California has managed to condition a whole generation of young British playwrights. It is hard to believe that without him we'd have had "Mojo" or "Bruises" or "Blasted" or far and away the best of them all, "Gangster No. 1" by Louis Mellis and David Scinto, two young first-time dramatists who gave Peter Bowles the role of his career in a Soho

shootout that I cannot believe will be much longer in transferring to the West End, and then I'd guess Hollywood, thus rounding the vicious circle that began there with Tarantino himself.

Two of these plays ("Bruises" and "Blasted") were the work of women, but elsewhere it has been a blockish sort of year with at least two plays ("Dealer's Choice" and "According to Boyle") entirely set around poker tables, and many others devoted to the joys of bashing the living daylight out of your nearest and dearest.

When Timberlake Wertenbaker tried

for a more elegant and, some would say, feminist social debate about the price of parenthood versus the cost of careers ("The Break of Day"), she was rapidly dismissed by critics, leaving the field to such male counterparts as David Edgar ("Pentecost," dealing with art versus communism) and Ronald Harwood ("Talking Sides," art versus the Nazis and then the Americans in 1945 Berlin).

Tom Stoppard's lyrical farewell to the Raj, "Indian Ink," was much underrated while "Steward of Christendom,"

## LONDON THEATER

despite Donal McCann's brilliant performance, struck me as a character in search of a play. Michael Frayn also came up with a new play, "Now You Know," vastly more intelligent than my colleagues would allow, though if I had to choose a single script of the year it would undoubtedly be David Hare's heartbreaking love story "Sightings."

Gay theater had a good year, with new plays by Jonathan Harvey wherever you looked and David Greer's "Burning Blue" which faltered at the Haymarket but triumphed in smaller venues as a homosexual rethink of "A Few Good Men" or "Caine Mutiny" for the '90s. The National continued to triumph under Richard Eyre, who perhaps announced his 1997 departure rather too early, thereby creating a needless vacuum of almost two years; but the RSC under Adrian Noble seemed to be in continuing midlife crisis, with a catastrophic decision to pull back from the Barbican for half of every year.

Villain of the year was, as usual, John Major's government, which persisted in clawing back from the arts whatever the lottery had bestowed on them, so that we are now in the ludicrous position of having millions of pounds floating around for capital projects that nobody really wants to build, and less money than ever for the companies which will have to inhabit them.

Performances of the year included the aforementioned McCann and Bowles, the great Gambon in "Volpone" and "Sightings." Daniel Massey as a haunting, haunted Farthingale, Simon Russell Beale as Stoppard's Guilderstein and Johnson's Mosca, and Terry Johnson, was undoubtedly the director-

dramatist, with no less than three of his shows playing in London.

Among the women were Maggie Smith back by popular demand in "Three Tall Women," Zoe Wanamaker definitive as the mother in Tennessee Williams' "The Glass Menagerie," Maria Friedman in a stunning solo concert at the Whitehall, Fiona Shaw and Geraldine McEwan in "Way of the World" while Shaw went on alone to a memorable "Richard II," Diana Rigg as "Mother Courage," Sheila Gish in "Company," Dench in "Absolute Hell," all as close to perfect as makes no difference.

**A**N unusual number of theater companies are now on the move because of restructuring at home base, not least the Royal Court, which will occupy the Ambassadors and the Duke of York's for the whole of '96, but we still have a real estate situation around the West End where not nearly enough theaters are owned by producing managements, and unless we start paying some attention to the state of our commercial rather than subsidized theater, Shaftesbury Avenue will be just another outpost on the Broadway map.

Have a happy theatergoing New Year.

## Brian Wilson, at 53 a Beach Boy No More, Sings an Ode to the Myth

By Jon Pareles

New York Times Service

**N**EW YORK — Even Californians have California dreams. Palm trees sway,

young lovers kiss; everything is bathed in a Technicolor golden glow.

In a California of floods and earthquakes, of ghetto riots and anti-immigrant furor, those dreams are nostalgic ones, re-

ceding further with each new dose of reality. But the longing remains, and it is the essence of Brian Wilson and Van Dyke Parks' new album "Orange Crate Art."

Wilson, 53, shaped the modern California mythos as the songwriter and voice of the Beach Boys. Although his own psyche was deeply troubled, his songs were a vision of sun-washed pleasure, of California girls and good vibrations, with pealing guitar chords and cascades of vocal harmony.

Parks, 52, is best known for writing the lyrics of the Beach Boys' "Heroes and Villains" and "Surf's Up." The songs were to have been part of "Smile," the Beach Boys' album Wilson partly destroyed in a fit of paranoia after a mysterious studio fire in 1967.

He has had sundry film-scoring jobs, like the arrangements for Robert Altman's "Popeye," and has turned up as a musician and arranger for Judy

Collins in the 1960s and Victoria Williams in the 1990s.

But he has also released five ambitious, elaborate albums of his own, having been kept on through the years by Warner Brothers Records despite his long-shot commercial prospects. ("Orange Crate Art" may conclude that association: Parks' longtime producer, Leonard Waronker, was one of those who left Warner Brothers this year in the label's corporate shake-up.)

Parks has been pop's answer to Charles Ives, adapting and layering idioms from parlor songs to calypso to gospel and sending them through chromatic labyrinths.

During the psychedelic late 1960s, Parks' debut album, "Song Cycle," used an orchestra to accompany songs that were full of Joycean puns and allusions to a broad sweep of U.S. history. Its successors were nearly as elaborate, exploring themes like American-

Japanese relations ("Tokyo Rose," 1989) and Br'er Rabbit tales ("Jump," 1984).

"Orange Crate Art" is largely Parks' album. He produced and arranged it and wrote all but one of the 12 tracks, building them around Wilson's voice.

**B**UT Wilson transforms Parks' songs (on Parks' previous albums, he has been an unprepossessing singer). Wilson's voice is itself a piece of Americana. Its timbre carries most pop listeners back to his Beach Boys hits, and Parks indulges his love of chromaticism by stacking up vocal harmonies that ooze and ah like the creamiest Beach Boys arrangements. "Sail Away," about setting off for the Caribbean, can't help evoking the Beach Boys' "Sloop John B."

The songs move at a mid-tempo lilt, with tinkling glockenspiels and strummed acoustic guitars, like a gentle California calypso. Echoing mid-1960s Beach Boys albums, the songs also come complete with the occasional low howl of a bass harmonica. In relaxed, tuneful

songs, Parks has pared away his fondness for tangents or hidden them in lush harmonies.

And like the labels on fruit crates, which show sun-drenched fields of abundance, the songs on "Orange Crate Art" present a California free of poverty or tensions.

The Beach Boys' "Pet Sounds," Parks' "Song Cycle" and the remnants of the "Smile" collaboration sound anxious and hallucinatory compared with the cozy songs on "Orange Crate Art."

Now, youthful agitation has given way to codgers' comforts. Wilson sings about young love and remembered paradises "from the vine of a vintage cru," as the title song says, although that song does mention in passing "grapes of wrath" and bracer farm workers.

Other songs reminisce about childhood summers in Monterey, a fling in San Francisco of the Gold Rush and dates at the movies somewhere near Sacramento. There are also love songs without geographical markers but no less idyllic. The tone is autumnal, always conscious of time passing and



Van Dyke Parks, left, and Brian Wilson turn nostalgic.

fantasies crumbling. One song is called "Hold Back Time," while in "My Jeannie," the narrator recalls "Two bits for Cokes and jokes at the diner/Time was a magazine."

"Movies Is Magic," introduced by a "Gone With the Wind" fanfare, has the slow-rolling groove of a doo-wop love song, but it declares that off screen, "Life is so tragic/And as time goes flyin' by/You will often wonder why."

Intentionally or not, Wilson's lead vocals add intimations of mortality. The backup harmonies, supplied by session singers on four songs and by Wilson on the rest, are ethereal

and pristine, the sound of Beach Boys summers. But on the lead vocals, although Wilson's tone is still unmistakable, his voice is no longer the pure, boyish, effortless instrument that it once seemed to be.

On "Orange Crate Art," Wilson has to work to hit notes, and there are rough edges and slurred syllables, the inevitable ravages of time.

Genial and wistful, "Orange Crate Art" is about the end of a few eras. It's affable, easygoing pop at a time when melodrama rules the charts.

It's a vision of a California that is unlikely to return, if it ever existed at all.

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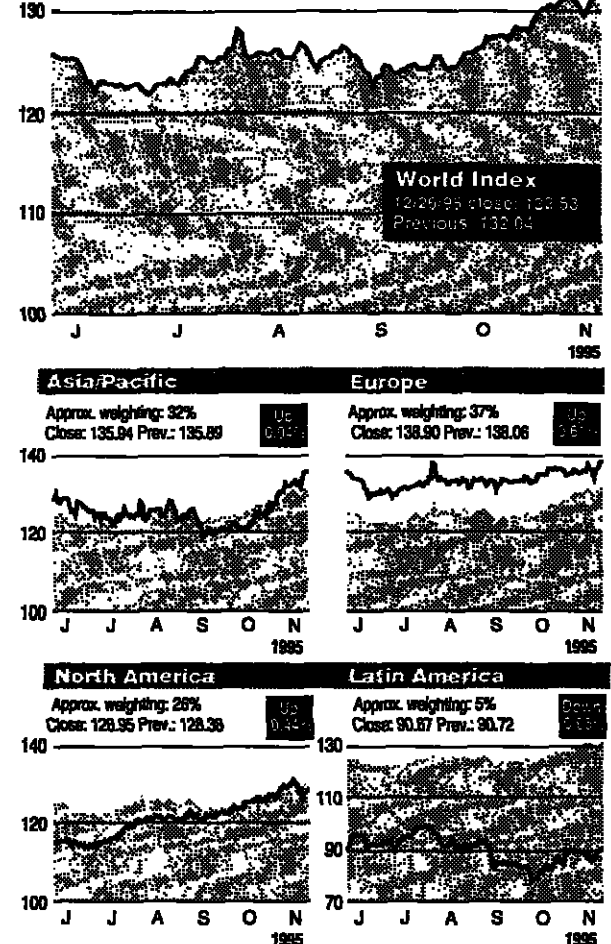
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**THE TRIB INDEX: 132.53**  
International Herald Tribune World Stock Index, composed of 280 internationally investable stocks from 25 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and other major financial centers. The index is composed of the 20 top issues in terms of market capitalization, otherwise the ten top stocks are tracked.

Industrial Sectors	Dec. 26	Nov. 26	% change
Energy	135.82	135.40	+0.31
Utilities	128.43	128.59	-0.12
Finance	129.13	128.70	+0.33
Services	120.08	120.48	-0.34

For more information about the index, a booklet is available free of charge. Write to Trib Index, 181 Avenue Charles de Gaulle, 92021 Neuilly Cedex, France.

## U.S. Sidesteps NAFTA Provisions

### As Election Nears, Washington Is Leery of Mexico Trade

By Paul Blustein  
Washington Post Service

WASHINGTON — For two years, since the North American Free Trade Agreement went into effect, the White House has proclaimed that free trade between the United States and Mexico is an unqualified success.

But in recent weeks, U.S. officials have begun sidestepping key NAFTA provisions to avert some of the painful consequences of falling trade barriers in politically important states such as California, Texas and Florida.

The White House is heading into the 1996 election feeling vulnerable on NAFTA, which has failed to produce the hoped-for boom in U.S. exports because Mexico is stuck in a deep recession.

The clearest illustration of the administration's new tack came last week when U.S. Trade Representative Mickey Kantor and Transportation Secretary Federico F. Peña, citing highway safety concerns, announced an indefinite delay in a NAFTA provision that would have allowed Mexican trucks to start traveling freely throughout the southwestern border states in a few weeks. Mr. Kantor has also helped Florida tomato growers by tightening restrictions on Mexican tomato imports.

According to a number of trade specialists, the actions show how eager the administration is to reduce NAFTA's unpleasant political fallout — even by circumventing rules of an accord President Bill Clinton championed.

These specialists say the moves could eventually hurt America's overall economic interests by inducing Mexico and other trading partners to drag their feet. Too, NAFTA involves a 15-year process of liberalization, with many phased-in provisions that gradually eliminate obstacles at the border — most of which are on the Mexican side. "If we violate agreements even in minor ways, we give our trading partners excuses to do the same," said Greg Mastel, a trade specialist at the Economic Strategy Institute.

Mr. Kantor, who served as Mr. Clinton's campaign chairman in 1992, said he was motivated purely by public-spirited considerations in his dealings on the trucking issue and other disagreements with Mexico. "This has nothing to do with politics," he said. "The larger your trading relationship, the more trade disputes you have. That is natural and normal."

But Mr. Kantor and other White House officials are worried that NAFTA could emerge as a political liability in 1996.

The peso crisis last winter sent the Mexican economy reeling, causing U.S. exports to Mexico to fall by nearly 10 percent this year and turning the U.S. trade surplus with Mexico into a deficit. Some job losses have occurred, notably at the underwear maker Fruit of the Loom Inc. The company's chairman, William F. Farley, had supported NAFTA as a potential spur to exports. But two months ago, Fruit of the Loom said it would lay off about 3,200 workers at eight plants in the Southeastern United States.

While economists generally agree that NAFTA has been unfairly blamed for these problems — they say the peso crisis and the Mexican economic slump would have occurred anyway — Mr. Clinton's predictions that NAFTA would quickly add 200,000 new U.S. jobs has proven exceedingly optimistic. Mr. Kantor and other White House officials often say that "tremendous job growth" can be attributed to NAFTA, but that assertion is based on figures that include exports to Canada.

One of the more respected calculations, by Radil Hinojosa of the University of California at Los Angeles, shows that American jobs lost this year because of U.S.-Mexico trade — about 150,000 — roughly canceled out the jobs gained in 1994 — about 170,000.

It cannot be said that Ross Perot's forecast of American factory jobs disappearing in a "giant sucking sound" has proven correct. On the contrary, about 300,000 more Americans are employed in manufacturing today than in January 1994, when NAFTA took effect.

But White House officials are worried nonetheless. One official, bemoaning how effectively the Republican presidential candidate Pat Buchanan has been criticizing NAFTA, added, "Buchanan may not be a serious presidential threat, but he sure as hell is going to be loud through the next few months." It was against this backdrop that the White House weighed the prospect of Mexican trucks being allowed to travel freely through the southwestern border states.

See NAFTA, Page 12

## German Unions Offer Flexibility To Aid Economy

Compiled by Our Staff From Dispatches

FRANKFURT — German unions are showing signs of flexibility by proposing steps aimed at lowering the country's stubbornly high unemployment rate, but they vowed not to budge on social benefits.

Klaus Zwickel, head of Germany's largest union, the IG Metall metalworkers union, suggested during the weekend that 80,000 new jobs could be created if employers compensated overtime hours with free time rather than pay.

The German jobless rate hit 9.3 percent in November, rising from 9.2 percent in October.

Noting that Germans worked about 250 million extra hours in 1995, Mr. Zwickel said that this would translate into 150,000 jobs and thus could spur job creation without expanding production.

Mr. Zwickel's suggestion follows his so-called Alliance for Jobs plan, where workers would agree to forgo real pay raises in 1997 in return for the creation of 300,000 jobs and a government promise not to cut benefits.

Metal-industry employers and the union plan to discuss the proposal on Jan. 8, but the white-collar union, DAG, on Tuesday proposed to put the formula into practice this year.

Roland Isen, the DAG chief, suggested the union would be willing to scale back wage demands in return for firm commitments on jobs creation.

In return for employers' firm commitments on securing jobs, the DAG union would be willing to absorb some costs involved in such steps by accepting a lower wage increase, Mr. Isen said.

Mr. Isen added that job flexibility could also be useful in creating jobs. He added that greater job

flexibility could also help drive down the country's high unemployment rate.

But union leaders also warned they would not tolerate any attempts to curb social benefits during upcoming wage rounds.

"Germany's social benefits should not fall victim to the country's efforts to become more efficient," Mr. Isen said.

The Alliance for Jobs program was proposed to begin with the 1997 wage round.

Policy makers have also largely agreed that 1995's high wage agreements, with raises averaging around 4 percent, helped keep unemployment rates high.

The powerful German unions are aiming at forcing companies to drop overtime work to give workers more free time, their main representative, Dieter Schulte, said Monday.

Mr. Schulte, president of the Confederation of German Unions, told correspondents that if the present amount of overtime worked were to be cut in half, that would make it possible to create 800,000 jobs. His confederation groups 16 unions and had 9.8 million members at the end of last year.

(Reuters, AFP, AP)

### VAT Increase Urged

The head of the German government's economic advisory panel, Herbert Hax, has proposed that the German value-added tax rate, the lowest in Europe, should be increased.

Agence France-Presse reported.

The current ordinary rate is 15 percent.

In an article that is to be published on Wednesday in the Bild newspaper, Mr. Hax said that higher VAT would be acceptable only if the receipts were reserved for financing "a reform of business taxation, which has long been obsolete."

## Labor Chief: Nothing Secedes Like Excess

By Frank Swoboda  
Washington Post Service

WASHINGTON — As Labor Department secretary and a chronicler of modern economic history, Robert B. Reich says he is concerned about the future of U.S. college graduates. He fears they will be tempted to join what he sees as the growing ranks of an isolated economic elite.

His message to University of Maryland graduates last week at a commencement was simple: Don't do it.

The divide between America's haves and have-nots is growing and education is

becoming the major factor determining on which side of the economic tracks an individual is likely to reside.

Painting a bleak picture of U.S. workers falling steadily behind economically while the top 20 percent of nation's wage earners — those making more than \$80,000 a year — prosper, Mr. Reich said that the top economic class was beginning to withdraw from public society. He said the richest Americans were walling themselves off from the rest of society — living in enclosed suburban communities, shopping in secure suburban malls and working in industrial parks outside the nation's cities. They are

resisting efforts to spread their taxes outside their own communities, he charged. "It may not be a conscious secession. The succession of the successful America has been unplanned and undeclared. But it is gathering momentum and it threatens our nation's prosperity and its stability."

Mr. Reich said: "With the degree you will soon receive, many of you have been handed a ticket to secede, if you wish to. But let me urge you to resist. Not because commencement speakers are obligated to offer lofty sentiments. But because you will not want to live in a society sharply divided between winners and losers."

### MEDIA MARKETS

## Boom Times for Phone Lines

By Mark Landler  
New York Times Service

NEW YORK — For Guy Phillips, life with a single telephone line finally became untenable eight months ago. Mr. Phillips, the host of a radio talk show in St. Louis, said he could no longer chat on the phone at home without constant being interrupted by calls for his wife or three children — not to mention the two hours a day he was tying up the line himself by sending and receiving electronic mail.

So the Phillipses did what nearly 7 million other American families have done this year: They had additional lines installed.

"Without the lines that I have now, I would feel as though I was back in the Dark Ages," Mr. Phillips said by telephone over one of the three lines in his house.

In the biggest single-year increase in new residential phone lines in the United States since the end of World War II, the percentage of households with more than one line has nearly doubled this year, to 16 percent, as several long-simmering information-age forces have ignited into a social phenomenon.

Three decades ago, it was the two-car garage. This year, the two-phone-line household became commonplace as facsimile machines, home offices and computer modems have proliferated.

Indeed, much of the fuss surrounding the overhaul of telecommunications laws that is still tied up in Congress concerns the rules that will govern the competition for putting more lines into American homes.

"It's an absolute explosion," said Fred

Voit, a telecommunications analyst at Yankee Group, a market-research concern in Boston. He predicted that by 2000, as many as half of America's 97 million households would have two or more phone lines.

The Phillipses decided on three so that one could be set aside for Mr. Phillips's computer, on which he spends two hours a night browsing through tips from other radio talk-show hosts that are distributed on a data service called Radio Online. One line is shared by their children, and the third is open for household calls or for Mr. Phillips's wife to check in on the medical-supply company she runs.

For some homes, even three lines is not enough. Consider Joe Wilson, national sales manager of Cabot Safety Corp. When he is not out making sales calls, he says, he spends most of his time at his personal computer, sending or receiving electronic mail and faxes between the company's headquarters in Massachusetts and his home in Illinois.

When the Wilsons moved into their new house, they ordered four lines for their phone company, Ameritech Corp.: one for personal calls, one for business calls, one for the family's on-line services and one for Mr. Wilson's faxes and electronic mail.

Ownership of an extra telephone line naturally is skewed toward affluent families. The average 1995 income of multiple-phone-line households is estimated at \$63,000 by IDC/Link Resources, a market-research company in New York, compared with an average of \$45,000 for all homes with phones.

Unless a phone company offers a promo-

See LINE, Page 18

## GE Capital Buys Insurer From Aon

Compiled by Our Staff From Dispatches

STAMFORD, Connecticut — General Electric Capital Corp., in its latest move to increase its life insurance business, agreed to buy Aon Corp.'s Life Insurance Co. of Virginia unit for \$960 million in cash.

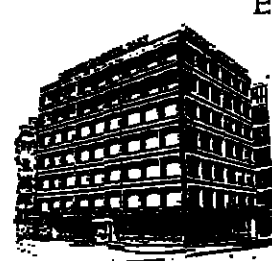
The acquisition would add about \$9 billion in assets to GE Capital's GNA Corp. insurance subsidiary, bringing its total assets to \$30 billion.

The sale comes as Chicago-based Aon focuses on more profitable businesses, such as insurance consulting. As part of that strategy, Aon said last month it would sell its Union Fidelity Life Insurance Co. to GE Capital for about \$400 million in cash.

The latest acquisition "is key to GNA's corporate strategy to help people build, protect and transfer wealth," said Patrick Welch, GNA's president.

The Virginia unit sells annuities, a retirement investment plan, life insurance and guaranteed investment contracts, which guarantee a fixed return on a lump-sum investment.

The deal is expected to close during the first half of 1996, subject to regulatory approvals. (Bloomberg, Reuters)



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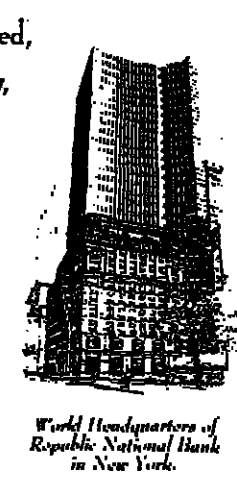
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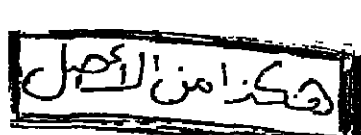


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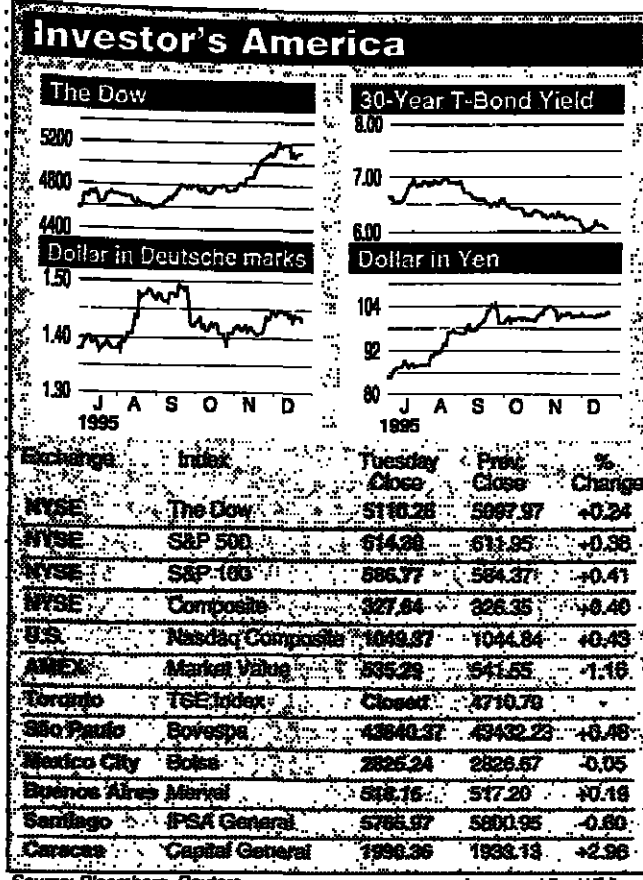
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## THE AMERICAS



## Very briefly:

- Pier 1 Imports Inc. said a financial consultant's "inappropriate trading activities" caused it to record a \$20 million pretax loss. The company did not specify when the trading occurred or in which quarter the loss would be taken, but it said the loss would "not materially affect liquidity or the company's operations."
- AT&T Corp. agreed to sell its Chicago headquarters building and a connecting building, the USG Tower, to a Singapore pension fund. AT&T declined to confirm the price, but a person familiar with the transaction put it at about \$340 million.
- Petróleos Mexicanos said revenue from domestic fuel sales in 1995 would be 113.7 billion pesos (\$15.02 billion). The state-owned oil company did not provide figures for the like period last year.
- Nucor Corp. raised the price of hot rolled steel from its Crawfordsville, Indiana, mill by \$10 a ton, saying that demand had strengthened. Analysts said the move, which followed recent price cuts by Nucor on cold rolled steel, could signal a reversal of the price-cutting pressure in the industry.
- The Federal Open Market Committee voted 10 to 1 last month to keep monetary policy unchanged, but members were divided over how long the moderate pace of economic growth would continue, according to minutes of the Nov. 15 meeting. The committee meets each month to review interest rates; minutes are released the following week.

## Weekend Box Office

LOS ANGELES — "Waiting to Exhale" was the top U.S. movie over the weekend. Following are estimates for the Top 10 films.

	Weekend Gross	Weekend Gross (Millions)
1. Waiting to Exhale	\$12.1 million	\$12.1 million
2. Toy Story	\$11.2 million	\$11.2 million
3. The Untouchables	\$10.1 million	\$10.1 million
4. Grumpier Old Men	\$9.1 million	\$9.1 million
5. Father of the Bride Part II	\$8.1 million	\$8.1 million
6. Heat	\$7.1 million	\$7.1 million
7. The Untouchables	\$6.1 million	\$6.1 million
8. Sudden Death	\$5.1 million	\$5.1 million
9. Tom and Huck	\$4.1 million	\$4.1 million
10. Old Dogs	\$3.1 million	\$3.1 million

## A Tough Sell for Kmart's New Chief

By Jennifer Steinhilber  
New York Times Service

TROY, Mich. — What is the toughest task before the man with the toughest job in American retailing? Selling himself, it seems.

Floyd Hall, who was installed in June as chief executive of the embattled Kmart Corp., has had anything but a honeymoon on Wall Street. Analysts wonder how committed he can be to his job if he refuses to put down roots in Michigan, where Kmart is based, and jets off instead to Montclair, New Jersey, on weekends to be with his family.

They also question his judgment in taking a nine-day junket with other retail executives this fall through the Far East, Cuba and Russia while things at Kmart were falling apart.

Still others worry that he is a bit of a soft touch.

"He has a sort of avuncular nature," said Barry Bryant, the senior director of equity research at Rodman & Renshaw in New York. "But you wish he projected something tougher."

More fundamentally, Wall Street critics complain that Mr. Hall has failed to articulate a convincing strategy for turning around the discount chain that captured the hearts of American shoppers with its low prices and folksy style long before Wal-Mart Stores Inc. bulldozed its way across the country — and created the entire discount store world's greatest headache.

Mr. Hall said he thinks he can prove them all wrong. He does have a strategy, a very detailed one, he says. It is geared to a very specific demographic group — young mothers. He is implementing it at about two dozen test sites across the United States, and it seems to be working: Sales and profit margins at those stores are up strongly, he said.

So why hasn't he gotten the message across to investors? "I didn't spell this out for analysts because at the time we were trying to get to the second level of test marketing," he said. "While you want to be candid and honest, it doesn't mean you

have to give away all of your competitive advantage."

Although he has failed to make a good impression on Wall Street, Mr. Hall does look good on paper. From the mid-1970s until the early 1980s, he ran B. Dalton Bookstores. Then he moved on to Target, where he was chief executive from 1981 until 1984. Later he was credited with turning around the Grand Union supermarket chain.

But in the Darwinian struggle for survival that American retailing has become, Kmart is grappling with such deep-rooted problems that it could become only the most recent in a succession of stores that the United States has decided it can live without.

For 11 consecutive quarters it has posted disappointing earnings. In the fiscal year ended last Jan. 25, Kmart swung into a modest profit of \$296 million, on sales of \$34 billion, from a loss of \$974 million, on sales of \$36.7 billion, the previous year. But it has lost a total of \$151 million in the first three quarters of the current fiscal year.

The only way Kmart has been able to get sales up has been to cut prices so low that its margins are squeezed to near zero.

The reason for its distress, most people agree, is the sorry state of many of its 2,200 stores. At least 500 of them are aging, beat-up buildings in undesirable locations, full of dated merchandise and beset by poor service.

All the while, giant Wal-Mart and fast-expanding Target, a unit of Dayton Hudson Corp., are luring Kmart's customers away with bigger, brighter, cleaner and better-stocked stores. Unlike Kmart, both rivals enjoy sophisticated inventory technology and, unlike Kmart, Wal-Mart has the clout to force suppliers to lower prices. Kmart also suffers from a corporate bureaucracy that is as dated and inflexible as its stores.

As a result, the stock has taken an unrelenting beating, and even value investors who place their money in pummeled stocks have unloaded Kmart in recent months. In New York Stock Exchange trading late

Monday, shares of Kmart were quoted at \$6.625, far below a 52-week high of \$16.25.

Bond-rating agencies have downgraded its bonds or threatened to do so. And factors — companies that insure payments of goods shipped by suppliers — have increased their premiums on shipments, in some cases by as much as 50 percent.

Mr. Hall inherited this mess from Joseph Antonini, who was forced from the chief executive's job in March. Mr. Antonini fended off shareholder revolts for months, in part by the force of his confident, even bluster, public persona.

Mr. Hall, by contrast, is publicity-shy and given to mumbling and obfuscation in dealing with Wall Street. But past successes suggest that if anybody can salvage Kmart, he is probably the man.

Consider what he accomplished at Grand Union: the battered grocery chain that he took over in 1984 just after it closed 400 stores and lost \$115 million. By spiffing up its inventory and setting its finances in order, he was able to steer the company into the black within four years. After that, in the mid-1980s, he organized the startup of The Museum Co., a successful specialty store that sells museum reproductions.

"If Kmart is to survive," said Ronald Lunde, the former vice president of merchandising for Grand Union, "they picked absolutely the perfect guy to effect the turnaround."

So far, Mr. Hall is showing himself to be adept at maneuvering Kmart out of tight corners. Last week his management team negotiated a delay in a \$548 million bond payment that, had it been called, would almost surely have sunk the company. The agreement came after lengthy negotiations and cost Kmart a fourth-quarter charge against earnings of \$70 million to \$100 million. And after months without a chief financial officer or a chief of merchandising, Mr. Hall has finally filled both jobs.

But those were short-term, tactical moves. The big question is what Mr. Hall's long-term strategy will be for wooing shoppers.

## Telephone Issues Lead Stocks Higher

Bloomberg Business News

NEW YORK — Stocks advanced Tuesday, led by telephone issues and blue chips, on investors' expectations that earnings would rise and interest rates remain low.

Only 217 million shares changed hands on the Big Board as many investors extended the three-day Christmas weekend.

The Dow Jones industrial average gained 12.29 to close at 5,110.26.

The Standard & Poor's 500 Index rose 2.34, to 614.30, while the Nasdaq Composite Index climbed 2.47, to 1,049.57. Advancing issues outpaced declining stocks on the Big Board by a 5-to-4 ratio.

The week between Christmas and New Year's Day is historically a strong one for U.S. stocks, with share prices rising 32 of the past 42 years.

A post-Christmas rally is traditionally fueled by end-of-the-year bonuses, contributions to individual retirement accounts and 401(k) retirement plans, and year-end portfolio rearrangements by money managers.

Respot American depositary receipts and Silicon Graphics were among the most active Big Board stocks. Respot fell 1/4 to 32 1/2 and Silicon Graphics fell 1/4 to 28 1/2.

Telephone stocks surged after regional Bell companies fought off congressional limits on their ability to sell local and long-distance service simultaneously, while oil shares rallied as the price of Texas crude oil remained above \$19 a barrel.

"People are more bullish now than they have been in two years," about economic growth, low rates and the outlook for further stock-market gains, said Robert Dickey, managing director and market analyst at Dain Bosworth Inc. in Minneapolis.

Among the telecom gainers were three regional Bell companies: Nynex rose 1 1/2 to 51 1/2, Bell Atlantic rose 1 1/2 to 67 and U.S. West Communications Group rose 1 1/2 to 35 1/2.

Many of the so-called Baby Bells "gained their own self appeal in the past six or 12 months" among investors seeking to exploit a boom in communications without risking investment in an untested company, said Cummins Catherwood, a money manager at Rutherford, Brown & Catherwood Inc. in Philadelphia.

In Nasdaq trading, Cyrix saw its stock fall 2 to 23 1/2 after the company said it would post a loss for the fourth quarter because of declining prices for its 486-compatible chips and a write-off to close out that business.

Coca-Cola shares surged 2 1/4 to 74 1/4. Last week Coke shares tumbled 8.4 percent as the company forecast weaker-than-expected fourth-quarter international shipments. The shortfall

## U.S. STOCKS

was probably "a blip in the data," a research report from S.G. Warburg & Co. said. PepsiCo was unchanged at 55 1/2. The rival soft-drink maker said its international beverage shipments might expand 5 percent to 6 percent in the fourth quarter, matching domestic gains.

Oil shares rallied as natural gas and heating-oil prices climbed in response to cold winter weather in the Northeast, Midwest and mid-Atlantic states. Royal Dutch Petroleum jumped 1 1/2 to 140 1/4, Chevron climbed 1/4 to 52 1/2, Mobil added 1/4 to finish at 112 and Amerada Hess rose 1/4 to 52.

The outlook for traditional, consumer-growth stocks is brightening as investors look for companies that are less vulnerable to slowing economic growth, said Edward Lauer, chief trader at Chicago Corp. Colgate-Palmolive rose 1/4 to 70 1/2 while Procter & Gamble gained 1/4 to 83 1/2.

Banks and financial stocks climbed as bond yields dropped, signaling a reduction in the price at which they borrow money. U.S. Bancorp vaulted 4 to 36, Wells Fargo rose 1/4 to 21 1/4, and J.P. Morgan & Co. gained 1/4 to 79 1/2. Federal National Mortgage Association surged 2 1/2 to 119 1/4. Federal Home Loan Mortgage Corp. climbed 1/4 to 81 1/4. Travelers Group climbed 1/4 to 60 1/2 and Dean Witter Discoverer gained 1/4 to 49.

Personal-computer stocks rose on optimism that quarterly profits will meet or exceed expectations. Hewlett-Packard jumped 1 1/2 to 85 1/2, IBM rose 1/4 to 91 1/4 and Compaq Computer gained 1/4 to 58.

On the American exchange, Epitope Inc. rose 4 1/2 to 17 1/2 after the company said the U.S. Food and Drug Administration approved its application to sell a confirmation test for its oral AIDS detection test.

In Nasdaq trading, Cyrix saw its stock fall 2 to 23 1/2 after the company said it would post a loss for the fourth quarter because of declining prices for its 486-compatible chips and a write-off to close out that business.

## Dollar Slips as Market Awaits Budget Talks

Bloomberg Business News

NEW YORK — The dollar slid against most major currencies Tuesday, as traders awaited the resumption of budget talks Wednesday between Congressional staff and White House officials.

Traders said they expected little movement by the dollar before the next meeting on Friday between President Bill Clinton and Republican Congressmen. Trading was light as most European markets were closed for the Christmas weekend.

"It's very quiet with Germany and London out," said Karl Halligan, currency trader at CIBC Bank New York. "The main kernel is still progress on the U.S. budget. As long as there is decent news, the dollar will hang in. I think by the end of the week it will look positive," he said.

The dollar slipped to 1.4305 Deutsche marks from 1.4376, but it rose to 102.330 yen from 102.295. The dollar fell to 4.9092 French francs from 4.9195, and to 1.1540 Swiss francs from 1.1573. The pound rose to \$1.5600 from \$1.5430.

Mr. Clinton and Republican lead

## FOREIGN EXCHANGE

ers of Congress are trying to agree on a plan to balance the budget within seven years. Their dispute over how to do that has led to a partial shutdown of the government, the second in two months.

With public opinion polls showing that Mr. Clinton has gained support during the conflict, Republicans have an incentive to compromise with Mr. Clinton, said Belal

Khan, currency trader at Bank of Tokyo in New York. Mr. Clinton seeks smaller cuts in social spending than Republicans do.

The budget deficit and the political wrangling over cutting it deters foreign investors from buying U.S. assets, traders and analysts say.

But Mr. Khan said foreign investors saw an eventual settlement of the budget dispute as "a potential windfall for the dollar." An accord would extend the recent rallies of U.S. stock and bond prices, he said.

The dollar also should benefit from the relative strength of U.S. economic growth, said Diego Gurelo, of Royal Bank of Canada in New York. While the U.S. economy grew at an annual rate of 4.2 percent in the third quarter, the German economy failed to expand at all.

## NAFTA: White House Skirts NAFTA Provisions as Election Nears

Continued from Page 11

lowed to venture into the interiors of border states — including Texas and California, two states rich in electoral votes.

The issue offers an illustration of how NAFTA gets phased in. Currently, trucks from the two countries are forbidden from traveling in each other's territory beyond a limit of about 20 miles (32 kilometers). U.S. and Mexican officials who negotiated NAFTA agreed to wait until 2000 before lifting all restrictions on cross-border trucking. As an interim step, they set Dec. 18 as the date on which Mexican trucks could apply for licenses to travel freely within U.S. border states. U.S. companies would get reciprocal rights for travel in Mexico.

The long transition was set because of the obvious gap in the two countries' safety standards. In Mexico, for example, truck drivers can legally stay behind the wheel as long as they want, unlike U.S. drivers, who are limited to 10 hours a day.

So in the months leading up to the Dec. 18 deadline for easing restrictions, extensive preparations were made by transportation officials on both sides of the border, including seminars and industry meetings for Mexican truckers, who would be required to meet U.S. safety and insurance regulations when they hit U.S. highways.

But last week, Mr. Kantor and Mr. Peña announced the postponement of the dead-

line, following intense lobbying. On Capitol Hill, dozens of lawmakers signed letters to the White House asserting that safety issues still remained unresolved. The Teamsters raised the specter of Americans losing their jobs to Mexican truck drivers.

The decision to postpone evoked angry responses from the Republican governor of Texas, George W. Bush, who issued a statement declaring that "Texas was prepared to enforce our highway safety."

Dan Morales, the Democratic attorney general of Texas who had raised the alarm against Mexican trucks, said the delay was probably "unnecessary," because the U.S. Customs Service had agreed to share inspection facilities and information with state and local safety inspectors.

Economists and trade lawyers said the White House's actions would likely increase protectionist pressure in Mexico when the time comes to lower other trade barriers under the NAFTA timetable. For example, NAFTA includes a provision, to be phased in over a number of years, requiring Mexico to ease local-content and other restrictions on its auto market.

"If there's just a short delay, fine," Mr. Hinojosa said. "But if it becomes a permanent renegotiating of one important element of the treaty, then there's going to be calls on both the Mexican and U.S. side saying, 'If you can change this element of the treaty, why not change other elements?'"

The tomato dispute touches the same issue. NAFTA phases in free trade for many crops slowly. For now, only a certain quota of Mexican tomatoes can enter the United States without being subject to a tariff.

When Florida growers complained this year that they were being hurt by a jump in Mexican tomato imports, Mr. Kantor proposed a change in the way the quota worked, measuring the number of Mexican tomatoes entering the United States every week, instead of twice a year as initially planned. The effect would be to discourage imports because if any week's shipments exceeded the quota, penalty duties would be applied.

Critics said Washington accuses Japan and South Korea of using such tactics to keep imports at bay. Several U.S. agricultural groups that export to Mexico, including the National Cattlemen's Association, the USA Poultry & Egg Export Council, sent a letter of protest to Mr. Clinton.

## Mexican Agriculture Suffers

Agricultural production in Mexico fell 34 percent in 1995 because of bad weather that affected the country's rice, bean, corn and wheat harvests. Agence France-Presse reported Tuesday, citing government figures quoted in the newspaper La Jornada.

Agriculture Ministry figures also showed an 81 percent drop in the fisheries sector and a 67 percent fall in forestry.

## U.S. Thrift Regulator Sues Maxxam

Bloomberg Business News

WASHINGTON — Maxxam Inc. and its chairman, Charles Hurwitz, were accused Tuesday by the U.S. Office of Thrift Supervision of contributing to the failure of United Savings Association of Houston, a thrift linked to the failed Drexel Burnham Lambert Inc. securities firm.

The thrift regulator said they and other defendants violated federal regulations by failing to maintain proper capital reserves at the savings and loan. The agency demanded that the defendants pay \$839,000 in civil penalties and an unspecified amount for other damages.

Maxxam stock closed down \$1.625, at \$35.25, on Monday in New York. United Savings' failure in 1988, and subsequent bailout by the federal government, cost taxpayers \$1.5 billion. The bank had assets of \$4.4 billion.

Named in the suit with Mr. Hurwitz, who once controlled United Savings, were Barry Muniz, Gerard Gross, Arthur Berner, Ronald Huebsch and Michael Crow. All are former or current officers or directors of United Savings and its holding company, United Financial Group Inc. Federated Development Co. of New York also was

charged.

The Office of Thrift Supervision alleges Maxxam, Federated and United Financial knew United Savings was not meeting its capital requirements, but failed to comply with their obligations to meet those requirements.

Mr. Hurwitz, Maxxam's predecessor company MCO Holdings, and Federated gained control of United Savings in 1982 by acquiring more than 25 percent of its stock with the assistance of Drexel, which was forced out of business after pleading guilty to federal fraud charges.

As a condition of regulatory approval for the United Savings acquisition, the defendants were obligated to maintain a healthy level of capital reserves at the thrift, the Office of Thrift Supervision said.

Maxxam said that the charges were without merit and that it would "vigorously defend itself."

In addition, Maxxam said it thought the U.S. government engaged in "improper conduct" when it rejected Maxxam's bid to buy United Savings back from government banking agencies in 1988.

Maxxam said the government selected a bid that was \$100 million lower than

Maxxam's, violating federal guidelines.

Maxxam said it filed a suit in the Fifth Circuit Court of Appeals asking that the sale of United Savings be overturned.

A private citizen sued Mr. Hurwitz earlier this year over United Savings' failure. The suit seeks \$1.6 billion on behalf of U.S. taxpayers. In August, the Federal Deposit Insurance Corp. sued Mr. Hurwitz for \$250 million.

The bank insurance fund also claimed Mr. Hurwitz failed to honor agreements to inject capital into United Savings.

In addition, the FDIC alleged that Mr. Hurwitz artificially maintained the net worth of United Savings so the thrift could buy junk bonds from Drexel.

The now defunct securities company firm was a key source of funding for Maxxam's business ventures, including its hostile takeover in 1986 of United Pacific Lumber Co.

Maxxam, which is based in Houston, has other holdings in aluminum production, real estate, and horse racing. Its Houston horse-racing track filed for Chapter 11 bankruptcy protection in April after about a year in operation because attendance fell below expectations.

## WORLD STOCK MARKETS

Tuesday, Dec. 26  
Prices in local currencies.

High Low Close Prev.

Telekurs

High Low Close Prev.

Markets Closed

Many stock markets were closed Tuesday for a holiday.

Bangkok

Adv Info Svc

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## EUROPE

# Russia to Seek New Bids for Stake In Phone Firm

**MOSCOW** — The government said Tuesday it would take legal action and prepare to seek new bids in response to what it said was the collapse of a \$1.4 billion investment accord with Italy's state-owned telecommunications holding company.

But executives of the Italian concern, STET SpA, said the agreement was still in force and that only a few aspects needed to be clarified.

STET's Moscow representative, Carlo Delbo, reached by telephone in Italy, said: "We strongly believe, we hope that

## Whitbread Said To Bid £1 Billion For Forte Unit

**LONDON** — Whitbread PLC has made a friendly £1 billion (\$1.54 billion) bid for the restaurant operations of Forte PLC, British newspapers reported Tuesday.

The Times said Forte, the target of a hostile £3.3 billion bid from Granada Group PLC, and Whitbread, the brewing-and-leisure concern, had agreed in principle on the sale and said the companies' advisers had spent Christmas Day working on the details.

The Independent said the agreement had been confirmed by insiders at Forte, who said a bid would be made within two weeks for the company's roadside restaurants and service stations in Britain and France.

As part of its defense against the Granada bid, Forte has begun to divest itself of some of its hotel interests and has said it is ready to consider offers for its restaurant business.

The Times said confirmation of the deal could come before trading on London's stock exchange resumed Wednesday after the Christmas and Boxing Day holidays. It also said the deal would significantly cut Forte's debt of £1.3 billion and perhaps allow the company to pay a special dividend.

the deal is going on. We have no financial problems supporting this deal. We need to fix more points, and we are waiting."

STET said Friday it was putting an initial payment of \$640 million for 25 percent of Russia's Svyazinvest telephone company into an escrow account until the Russian government could provide it with certain assurances about investment conditions.

Russian officials said they regarded the STET investment accord as void because they had not received the payment, which was due Friday.

"Russia doesn't intend to limit itself to making statements," a presidential economic adviser, Alexander Livshits said, according to the Prime news agency. "But it will take actions of a legal character."

Maxim Boiko, head of the Russian Privatization Center, said he would decide in January when to hold a second tender for the stake in Svyazinvest.

He said the sale might come in either the first or fourth quarter of 1996.

"We will use the long pause to make use of our experience and prepare for sale a stronger enterprise," he said.

When certain investment conditions set by STET were not met in mid-December, Mr. Delbo said, the company decided to put the \$640 million in escrow until an accord was reached.

"The Russians said, 'Give us the money and we'll continue to discuss,'" Mr. Delbo recalled. "If we don't reach agreement, the Russian Ministry of Finance repays the money."

"We said no, we preferred to put the money in escrow."

The Russian government owns 51 percent of Svyazinvest, a holding company that owns a majority stake in 85 of Russia's 87 regional telephone companies.

Concern about Svyazinvest's control over its subsidiaries and its ability to impose price increases led to STET's decision to put its initial payment into an escrow account for six months while it investigated those issues.

(Bloomberg, Reuters)

# Hungary Polishes Industrial Gem

## Government Tries to Keep Its Energy Concern Together

By Alan Krauss  
Special to the Herald Tribune

**BUDAPEST** — When the Hungarian government put its oil-and-gas company, MOL RT, on the market, it insisted on keeping its industrial crown jewel intact.

Prospective buyers balked at this all-or-nothing proposition, and the government rejected the big oil companies' offers to buy MOL and break it into its component refineries, gas pipelines, gasoline stations and other units.

A stock sale was the only alternative, which suited top executives fine. Fresh from a series of equity offerings that brought in \$200 million for a quarter of the company, Laszlo Pal, the chairman, said MOL has a bright future because it maintained its independence and its integrity.

"As the only integrated oil company in Eastern Europe, we have many possibilities that our competitors don't," Mr. Pal said. He assumed the helm at MOL in September after a year as Hungary's interior minister. "Integration makes MOL a quicker, more elastic company," he said. "We make decisions efficiently, and we can take advantage of price differences among fuels and markets."

MOL has international exploration operations that address the issue of secure energy supplies in Hungary, which still depends heavily on Russian oil, as well as

national pride, said Jim Joseph, an oil analyst at James Capel & Co. in London.

Whether Hungary, which produces only enough oil to meet about 20 percent of its own requirements, needs a domestic energy company is an open question. While competitors such as Mobil Corp. and Royal Dutch/Shell Group have snapped up individual oil facilities in the region, complex, they found MOL to be too large to easily swallow. MOL's projected 1995 sales are \$2.6 billion, which make it one of the largest enterprises in Eastern Europe.

Oil industry executives said Hungary's determination to keep MOL whole was not unreasonable. W.R. Caldwell, Shell area manager for central and southern Europe, said his concern maintains similar "national" oil companies. "Shell UK is basically into everything, but there are other places around the world where we're involved only in marketing."

Mr. Pal said the success of the stock offering was a vote of confidence by Western institutions, which bought 18.8 percent of MOL. The shares, listed in the Budapest and Luxembourg, were sold at about \$8 per share and ended last week at \$7.85.

Yet by some measures, investors got a good deal, said Mr. Joseph. He estimated that by 1997 MOL would carry a cash flow multiple of 2.5 and price-earnings multiple of 8, compared with 5 and between 9 and 20, respectively, for other

European oil companies.

"But it's obviously too simple to say that it looks cheap, compared with other stocks, because it carries risks that others don't," Mr. Joseph said.

Chief among these is the company's vulnerability to a political reversal by regulators, who are committed to complying with a World Bank requirement that gas prices reflect production costs by the end of 1996. Gas prices rose 58 percent in January and are expected to double next year.

The increase in gas prices largely accounts for the turnaround in MOL's earnings this year. Mr. Pal said MOL would pay an as-yet undetermined common stock dividend in 1995, on after-tax earnings, which are projected at \$45 million to \$50 million. Last year, it lost \$19 million.

A more remote risk is the possibility that the government will slow or reverse MOL's privatization. The latest equity sales brought the state's share down to 57 percent, and Mr. Pal said 25 percent more would be offered to investors in 1996.

Mr. Pal said priorities in 1996 were accelerating MOL's exploration-and-production activity and modernization of its 314 gasoline stations. MOL has two wells in Tunisia and is a 25 percent partner in three Algerian wells. It is pursuing oil concessions in Libya, Egypt, the United Arab Emirates and Qatar, as well as Turkey, Bulgaria and Albania.

# Brief Respite Ending for Europe's Airlines

**LONDON** — Europe's airlines, after losing \$8 billion since 1990 as the Gulf War and recession limited air travel, returned to profit this year. But they are not happy.

In the boom-and-bust business, executives already are girding for a downturn that most expect to come in 1997.

Once-bitter rivals are rushing to join alliances. State-owned airlines, laggards in the battle to bring down costs, are taking on unions. Everyone is pouring money into upgrading high-margin premium services, hoping to prop up profits that have fallen even as passenger traffic has boomed.

It all comes in the shadow of full deregulation of Europe's skies in April 1997, a change that could spell trouble for high-cost carriers as a new generation of startups undercuts their fares.

"The vital signs are good for now, but the patient still isn't healthy," said David Anderson, an analyst at the Association of European Airlines.

Consider Alitalia SpA. The Italian state-owned carrier said it expected to make a profit this year, its first since 1989. But its

unions are revolting against cost-cutting plans, and Italian newspapers said the airline may ask investors for a 1 trillion lire (\$628 million) capital injection.

Alitalia also for the first time is facing competition on flights between Milan and Rome, Italy's most-traveled route. A startup airline called Air One undercut Alitalia's fares by as much as 20 percent.

Alitalia is not alone. Startups are targeting other state-owned airlines, such as Sabena SA of Belgium and Iberia SA of Spain, in the hope that the established carriers' high costs will leave them vulnerable to competition.

In the past year, more than 50 new airlines, from Brussels-based EuroBelgian to London-based Easyjet, have started flying.

At the same time, 32 mostly different airlines folded, according to an Economist Intelligence Unit report. "A lot of these guys don't last very long, but they cause severe pain while they're there," Mr. Anderson said. "If they're operating at a loss and can't sustain it, ultimately you return to the status quo with a weakened incumbent and not much else to show for it."

Success for Europe's airlines depends

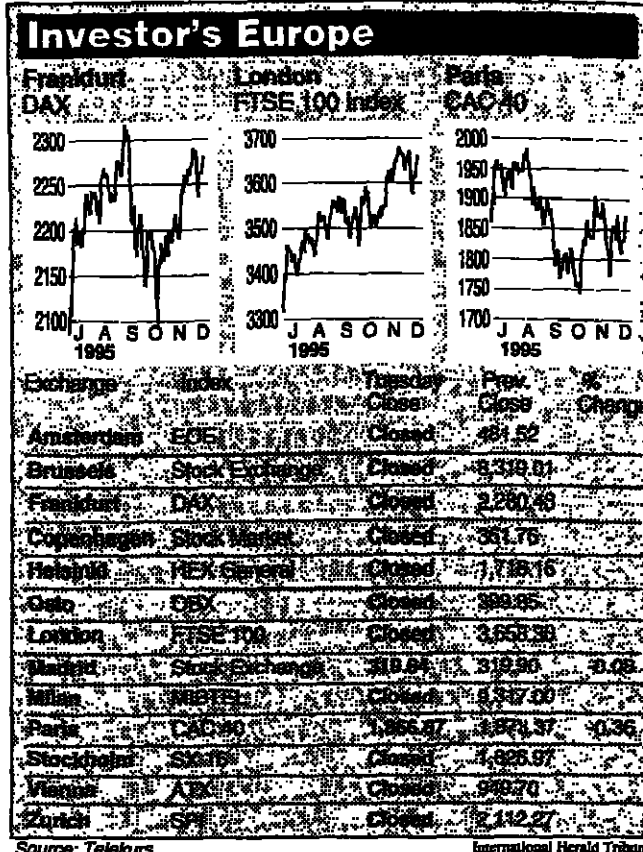
largely on two issues: bringing down costs that are 37 percent higher than those in the United States, mostly because of labor, and ending a cycle of capacity increases that usually signal the end of a boom.

Each is tricky. The first requires extracting concessions from unions — a task that even the big U.S. carriers have not mastered, as USAir Group Inc.'s tortuous negotiations to win \$3 billion in cost cuts has demonstrated.

Pilots at Iberia, for instance, are the best-paid in Europe, with an average annual salary of 12.8 million pesetas (\$105,800), even though the carrier has lost more than \$1 billion in the past four years. Iberia used \$1 billion in state aid granted in 1992, and last week won approval for more — this time, \$673 million.

Air France's unions declared "war" this year on the carrier's plans to cut costs 30 percent by the beginning of 1997, staging a series of strikes that have grounded flights and cost the airline millions of francs.

The winners are the nonstate-owned airlines, such as British Airways PLC and Lufthansa, that have wrested concessions from their unions since the late 1980s.



## Very briefly:

- British Petroleum PLC signed a \$3.5 billion agreement with Sonatrach, the Algerian state-owned energy company, to explore and produce gas in the Sahara Desert. The deal must be approved by Algerian and European Union authorities.
- Finel, a joint venture of Electricité de France and Edison SpA, a unit of Montedison SpA, has finalized the purchase of 73.96 percent of ILVA Servizi Energie Srl, a unit of Ilva SpA, for 370 billion lire (\$232.7 million).
- Kvaerner A/S, the Norwegian shipbuilding and construction company, bought 12.94 percent of Vyborgskiy Sudostroitelny Zavod for 414 million rubles (\$89.166) to bring its stake in the St. Petersburg regional real-estate company to 39.05 percent. Under the terms of the purchase, Kvaerner must invest \$5 million in the company over the next three years.
- Volkswagen AG on Wednesday will raise the price of its passenger vehicles by an average 1.9 percent, but it said prices for extra safety devices, including anti-lock braking systems, would not be raised.
- France and China have agreed to a "technical and legal cooperation" to promote exports of cognac from France to China, the cognac producers' trade association BNIC said.
- Compañía Española de Petróleos SA posted net profit of 20.2 billion pesetas (\$166 million) in the first 11 months of 1995, up 18.8 percent, on a 10 percent rise in revenues.
- Eurotunnel PLC will report next month on its debt restructuring talks with its 225 creditor banks, according to an article in The Times of London that quoted company sources. Eurotunnel, operator of train service between Britain and the Continent through the channel tunnel, announced in September an 18-month freeze on interest payments on \$8 billion (\$12.32 billion) in debt.
- Club Méditerranée SA sales fell 3 percent, to 8.469 billion French francs (\$1.71 billion) in the year ended Oct. 31.
- Pechiney International SA shares plunged 2.6 francs, to 91 francs, a five-year low, as investors sold rather than swapping for shares in parent company Pechiney SA. The swap offer, part of the Pechiney SA initial public offering, lasts until Jan. 9.

AFP, APX, Bloomberg, Reuters

## AMEX

Tuesday's 4 p.m. Close									
The top 50 stocks on the New York Stock Exchange									
Stock	Price	Change	High	Low	Open	Close	Volume	Open	Close
IBM	111.00	+0.25	111.50	110.75	111.00	111.25	1,200,000	111.00	111.25
Microsoft	55.00	+0.50	55.50	54.50	55.00	55.50	800,000	55.00	55.50
Apple	45.00	+0.25	45.25	44.75	45.00	45.25	600,000	45.00	45.25
Oracle	35.00	+0.50	35.50	34.50	35.00	35.50	400,000	35.00	35.50
Amazon	25.00	+0.25	25.25	24.75	25.00	25.25	300,000	25.00	25.25
Google	15.00	+0.25	15.25	14.75	15.00	15.25	200,000	15.00	15.25
Yahoo	10.00	+0.25	10.25	9.75	10.00	10.25	100,000	10.00	10.25
Alibaba	5.00	+0.25	5.25	4.75	5.00	5.25	50,000	5.00	5.25
Facebook	3.00	+0.25	3.25	2.75	3.00	3.25	20,000	3.00	3.25
Twitter	2.00	+0.25	2.25	1.75	2.00	2.25	10,000	2.00	2.25

## U.S. STOCK MARKET DIARY

Indexes									
Index	Open	High	Low	Close	Change	Volume	Open	High	Low
Dow Jones	11100.00	11150.00	11050.00	11125.00	+25.00	1,200,000	11100.00	11150.00	11050.00
S&P 500	1000.00	1005.00	995.00	1002.50	+2.50	800,000	1000.00	1005.00	995.00
Nasdaq	2500.00	2550.00	2450.00	2525.00	+25.00	600,000	2500.00	2550.00	2450.00
AMEX	100.00	102.00	98.00	101.00	+1.00	400,000	100.00	102.00	98.00
Dow Jones Bond	140.00	142.00	138.00	141.00	+1.00	300,000	140.00	142.00	138.00
10-Year T-Bill	100.00	102.00	98.00	101.00	+1.00	200,000	100.00	102.00	98.00
30-Year T-Bill	120.00	122.00	118.00	121.00	+1.00	100,000	120.00	122.00	118.00
10-Year T-Bill	100.00	102.00	98.00	101.00	+1.00	50,000	100.00	102.00	98.00
30-Year T-Bill	120.00	122.00	118.00	121.00	+1.00	20,000	120.00	122.00	118.00
10-Year T-Bill	100.00	102.00	98.00	101.00	+1.00	10,000	100.00	102.00	98.00
30-Year T-Bill	120.00	122.00	118.00	121.00	+1.00	5,000	120.00	122.00	118.00

## INTERNATIONAL FUTURES

Dec. 26, 1995						High	Low	Open	Close	Change
High						Low	Open	Close	Change	Volume
Grains										
CORN (CBOT)										
Last 100 bushels—dollars per bushel										
Jan	1.267	1.259	1.24	+0.04	94,782					
Mar	1.265	1.254	1.25	+0.01	94,782					
Apr	1.265	1.254	1.25	+0.01	94,782					
May	1.265	1.254	1.25	+0.01	94,782					
Jun	1.265	1.254	1.25	+0.01	94,782					
Jul	1.265	1.254	1.25	+0.01	94,782					
Aug	1.265	1.254	1.25	+0.01	94,782					
Sep	1.265	1.254	1.25	+0.01	94,782					
Oct	1.265	1.254	1.25	+0.01	94,782					
Nov	1.265	1.254	1.25	+0.01	94,782					
Dec	1.265	1.254	1.25	+0.01	94,782					
Futures open interest 492,075 up 107										
SOYBEAN MEAL (CBOT)										
Last 100 bushels—dollars per bushel										
Jan	22.67	22.60	22.60	+0.01	17,340					
Mar	22.67	22.60	22.60	+0.01	17,340					
Apr	22.67	22.60	22.60	+0.01	17,340					
May	22.67	22.60	22.60	+0.01	17,340					
Jun	22.67	22.60	22.60	+0.01	17,340					
Jul	22.67	22.60	22.60	+0.01	17,340					
Aug	22.67	22.60	22.60	+0.01	17,340					
Sep	22.67	22.60	22.60	+0.01	17,340					
Oct	22.67	22.60	22.60	+0.01	17,340					
Nov	22.67	22.60	22.60	+0.01	17,340					
Dec	22.67	22.60	22.60	+0.01	17,340					
Futures open interest 100,018 up 383										
SOYBEAN OIL (CBOT)										
Last 100 bushels—dollars per bushel										
Jan	25.37	25.31	25.37	+0.06	15,441					
Mar	25.37	25.31	25.37	+0.06	15,441					
Apr	25.37	25.31	25.37	+0.06	15,441					
May	25.37	25.31	25.37	+0.06	15,441					
Jun	25.37	25.31	25.37	+0.06	15,441					
Jul	25.37	25.31	25.37	+0.06	15,441					
Aug	25.37	25.31	25.37	+0.06	15,441					
Sep	25.37	25.31	25.37	+0.06	15,441					
Oct	25.37	25.31	25.37	+0.06	15,441					
Nov	25.37	25.31	25.37	+0.06	15,441					
Dec	25.37	25.31	25.37	+0.06	15,441					
Futures open interest 90,407 up 654										
SOYBEANS (CBOT)										
Last 100 bushels—dollars per bushel										
Jan	7.47	7.47	7.47	+0.04	95,736					
Mar	7.47	7.47	7.47	+0.04	95,736					
Apr	7.47	7.47	7.47	+0.04	95,736					
May	7.47	7.47	7.47	+0.04	95,736					
Jun	7.47	7.47	7.47	+0.04	95,736					
Jul	7.47	7.47	7.47	+0.04	95,736					
Aug	7.47	7.47	7.47	+0.04	95,736					
Sep	7.47	7.47	7.47	+0.04	95,736					
Oct	7.47	7.47	7.47	+0.04	95,736					
Nov	7.47	7.47	7.47	+0.04	95,736					
Dec	7.47	7.47	7.47	+0.04	95,736					
Futures open interest 196,775 up 1,293										
WHEAT (CBOT)										
Last 100 bushels—dollars per bushel										
Jan	5.06	5.06	5.06	+0.04	50,627					
Mar	5.06	5.06	5.06	+0.04	50,627					
Apr	5.06	5.06	5.06	+0.04	50,627					
May	5.06	5.06	5.06	+0.04	50,627					
Jun	5.06	5.06	5.06	+0.04	50,627					
Jul	5.06	5.06	5.06	+0.04	50,627					
Aug	5.06	5.06	5.06	+0.04	50,627					
Sep	5.06	5.06	5.06	+0.04	50,627					
Oct	5.06	5.06	5.06	+0.04	50,627					
Nov	5.06	5.06	5.06	+0.04	50,627					
Dec	5.06	5.06	5.06	+0.04	50,627					
Futures open interest 16,847 up 1,152										
Livestock										
CATTLE (CME)										
All 100 lbs.—cattle prices										
Jan	65.00	64.00	64.00	+0.75	30,385					
Mar	65.00	64.00	64.00	+0.75	30,385					
Apr	65.00	64.00	64.00	+0.75	30,385					
May	65.00	64.00	64.00	+0.75	30,385					
Jun	65.00	64.00	64.00	+0.75	30,385					
Jul	65.00	64.00	64.00	+0.75	30,385					
Aug	65.00	64.00	64.00	+0.75	30,385					
Sep	65.00	64.00	64.00	+0.75	30,385					
Oct	65.00	64.00	64.00	+0.75	30,385					
Nov	65.00	64.00	64.00	+0.75	30,385					
Dec	65.00	64.00	64.00	+0.75	30,385					
Futures open interest 8,016 FTRs sold 1,290										
FEEDING CATTLE (CME)										
All 100 lbs.—cattle prices										
Jan	67.00	66.00	66.00	+0.80	3,401					
Mar	67.00	66.00	66.00	+0.80	3,401					
Apr	67.00	66.00	66.00	+0.80	3,401					
May	67.00	66.00	66.00	+0.80	3,401					
Jun	67.00	66.00	66.00	+0.80	3,401					
Jul	67.00	66.00	66.00	+0.80	3,401					
Aug	67.00	66.00	66.00	+0.80	3,401					
Sep	67.00	66.00	66.00	+0.80	3,401					
Oct	67.00	66.00	66.00	+0.80	3,401					
Nov	67.00	66.00	66.00	+0.80	3,401					
Dec	67.00	66.00	66.00	+0.80	3,401					
Futures open interest 2,374 FTRs sold 470										
HOGS (CME)										
All 100 lbs.—cattle prices										
Jan	49.00	48.00	48.00	+0.85	1,702					
Mar	49.00	48.00	48.00	+0.85	1,702					
Apr	49.00	48.00	48.00	+0.85	1,702					
May	49.00	48.00	48.00	+0.85	1,702					
Jun	49.00	48.00	48.00	+0.85	1,702					
Jul	49.00	48.00	48.00	+0.85	1,702					
Aug	49.00	48.00	48.00	+0.85	1,702					
Sep	49.00	48.00	48.00	+0.85	1,702					
Oct	49.00	48.00	48.00	+0.85	1,702					
Nov	49.00	48.00	48.00	+0.85	1,702					
Dec	49.00	48.00	48.00	+0.85	1,702					
Futures open interest 14,433 up 44										
POULTRY (CME)										
All 100 lbs.—cattle prices										
Jan	60.00	59.00	59.00	+0.85	1,702					
Mar	60.00	59.00	59.00	+0.85	1,702					
Apr	60.00	59.00	59.00	+0.85	1,702					
May	60.00	59.00	59.00	+0.85	1,702					
Jun	60.00	59.00	59.00	+0.85	1,702					
Jul	60.00	59.00	59.00	+0.85	1,702					
Aug	60.00	59.00	59.00	+0.85	1,702					
Sep	60.00	59.00	59.00	+0.85	1,702					
Oct	60.00	59.00	59.00	+0.85	1,702					
Nov	60.00	59.00	59.00	+0.85	1,702					
Dec	60.00	59.00	59.00	+0.85	1,702					
Futures open interest 1,127 FTRs sold 1,511										
POULTRY (CME)										
All 100 lbs.—cattle prices										
Jan	60.00	59.00	59.00	+0.85	1,702					
Mar	60.00	59.00	59.00	+0.85	1,702					
Apr	60.00	59.00	59.00	+0.85	1,702					
May	60.00	59.00	59.00	+0.85	1,702					
Jun	60.00	59.00	59.00	+0.85	1,702					
Jul	60.00	59.00	59.00	+0.85	1,702					
Aug	60.00	59.00	59.00	+0.85	1,702					
Sep	60.00	59.00	59.00	+0.85	1,702					
Oct	60.00	59.00	59.00	+0.85	1,702					
Nov	60.00	59.00	59.00	+0.85	1,702					
Dec	60.00	59.00	59.00	+0.85	1,702					
Futures open interest 1,127 FTRs sold 1,511										
Food										
ORANGE JUICE (FUT)										
Last 100 bushels—dollars per bushel										
Jan	127.50	127.50	127.50	+0.50	4,573					
Mar	127.50	127.50	127.50	+0.50	4,573					
Apr	127.50	127.50	127.50	+0.50	4,573					
May	127.50	127.50	127.50	+0.50	4,573					
Jun	127.50	127.50	127.50	+0.50	4,573					
Jul	127.50	127.50	127.50	+0.50	4,573					
Aug	127.50	127.50	127.50	+0.50	4,573					
Sep	127.50	127.50	127.50	+0.50	4,573					
Oct	127.50	127.50	127.50	+0.50	4,573					
Nov	127.50	127.50	127.50	+0.50	4,573					
Dec	127.50	127.50	127.50	+0.50	4,573					
Futures open interest 20,022 up 115										
Metals										
GOLD (COMEX)										
Last 100 oz.—dollars per ounce										
Jan	380.00	380.00	380.00	+0.50	111					
Mar	380.00	380.00	380.00	+0.50	111					
Apr	380.00	380.00	380.00	+0.50	111					
May	380.00	380.00	380.00	+0.50	111					
Jun	380.00	380.00	380.00	+0.50	111					
Jul	380.00	380.00	380.00	+0.50	111					
Aug	380.00	380.00	380.00	+0.50	111					
Sep	380.00	380.00	380.00	+0.50	111					
Oct	380.00	380.00	380.00	+0.50	111					
Nov	380.00	380.00	380.00	+0.50	111					
Dec	380.00	380.00	380.00	+0.50	111					
Futures open interest 1,194 up 40										
SILVER (COMEX)										
Last 100 oz.—dollars per ounce										
Jan	51.00	51.00	51.00	+0.50	111					
Mar	51.00	51.00	51.00	+0.50	111					
Apr	51.00	51.00	51.00	+0.50	111					
May	51.00	51.00	51.00	+0.50	111					
Jun	51.00	51.00	51.00	+0.50	111					
Jul	51.00	51.00	51.00	+0.50	111					
Aug	51.00	51.00	51.00	+0.50	111					
Sep	51.00	51.00	51.00	+0.50	111					
Oct	51.00	51.00	51.00	+0.50	111					
Nov	51.00	51.00	51.00	+0.50	111					
Dec	51.00	51.00	51.00	+0.50	1					











## NASDAQ

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The Associated Press.

12 Month High Low Stock Div Yld PE High Low Last Chg

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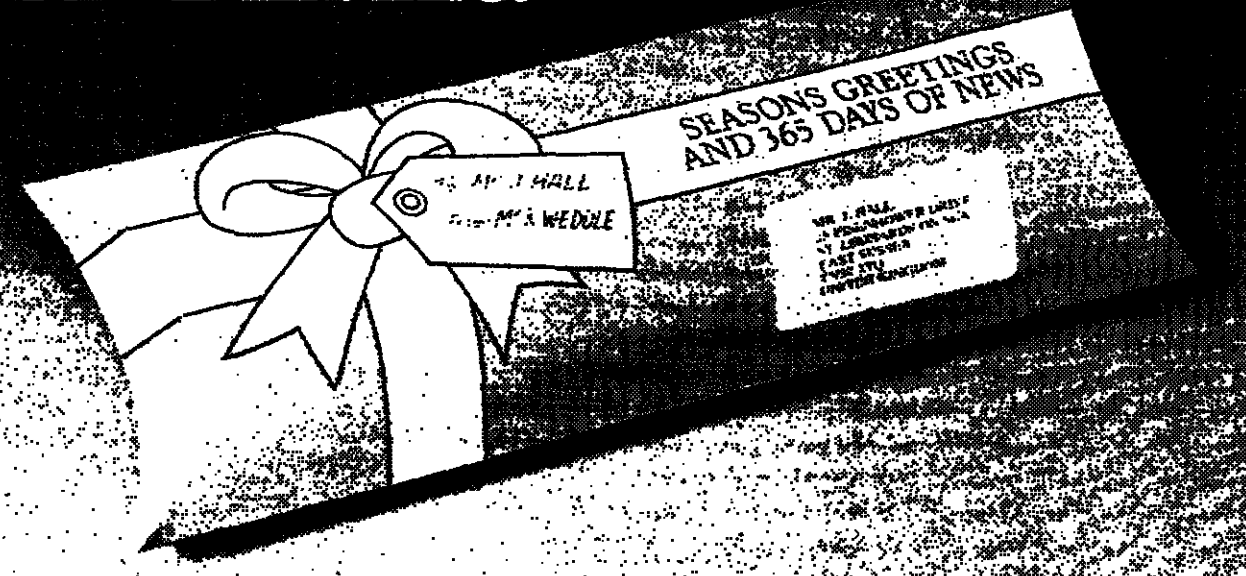
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## ASIA/PACIFIC

## Tokyo Is Cheerful Despite Jobs Data

### Leading Indicators Surge

Compiled by Our Staff From Dispatches  
TOKYO — Japan's jobless rate hit a record, but other data released Tuesday, particularly a surge in the index of leading indicators, showed its economy could be getting on its feet.

The official jobless rate jumped to 3.4 percent in November from the record level of 3.2 percent, where it had been stuck for five months. The rate was the highest since the government began compiling comparable statistics in 1953.

But the index of leading indicators showed significant improvement for the first time in six months, soaring through the 50 level that separates growth from recession to a reading of 80.0 in October from 46.2 in September. Machinery orders jumped and inventories fell.

"The economy is gradually working its way to a recovery, but it's too early to say it is actually on an upward trend," said Toru Oshiro, an economist at the Yamaichi Research Institute of Securities and Economics. Unemployment, he said, is a lagging indicator, so its increase was more a sign of weakness in the past few months than of any troubles ahead.

Some analysts noted that while the jobless rate was up, the jobs-to-applicants ratio improved to 0.63 in November from 0.61 a month earlier, meaning there were 63 job offers for each 100 applicants.

Others, however, said an economic recovery in 1996 would not stop the rise in unemployment right away.

"It will be higher in 1996 than it was in 1995," said Chris Calderwood, senior economist at BZW Securities in Tokyo. The greatest job losses last month came at manufacturers and among young people and middle-aged men, the report said. It said about 380,000 manufacturing jobs had been lost since a year earlier, a decline of 2.5 percent to 14.62 million.

Another report said Tokyo's consumer price index for 1995 was down 0.3 percent from 1994, the first decrease in 40 years. (Reuters, Bloomberg)

**Canon Sees Record Year**  
Canon Inc. expects to post record parent-company current profit for 1995 and will increase its dividend, Reuters reported. A Canon executive did make a specific profit forecast but said the company's biggest year for current, or pretax, profit was 1992, when it made 77.13 billion yen (\$752.5 million).

The maker of photocopiers and consumer goods previously forecast current profit of 62 billion yen for the calendar year, compared with 53.90 billion yen in 1994. The executive also said Canon had decided to pay a special dividend of 0.5 yen a share, bringing its total payout for 1995 to 13 yen a share.

## Idle Hands Fight Back in Japan

Reuters

TOKYO — They grew up when lifetime employment was the norm, but in the lean and mean 1990s, increasing numbers of middle-aged Japanese men are finding that their companies do not want them any more.

More often than not, they have bowed to pressure and left. But now, some are refusing to go quietly.

"It's an abuse of human rights," said a 48-year-old manager at a computer-related company that is pressing him to resign.

Determined to stay on, he has become a member of the Tokyo Managers' Union, one of the few organizations in Japan formed to help people in his position. The union has around 300 members and has counseled more than 1,700 people since it was set up two years ago. This manager, like most others interviewed, asked to remain anonymous to avoid endangering negotiations with their employers.

Heavy with high labor costs, Japanese companies are eager to slim down, and the country's unemployment lines are growing. The official unemployment rate hit a record Tuesday, rising to 3.4 percent for November from 3.2 percent in October.

"A third of the people we talk to have been asked to resign, around 400 have been laid off, and others have been demoted or passed off onto a subsidiary company, which is the equivalent of semiretirement," said Kiyotsugu Shitara, general secretary of the managers' union.

Companies have tightened their belts and cut their intake of new graduates, but management has also become a target. Government data show that companies have trimmed around 240,000 management-related jobs in the last three years.

"The number is going to rise. Even if the economy does recover, firms are not going to stop restructuring," Mr. Shitara said. Companies are also widening the scope of their layoffs, he said. "Up until a year ago, you were a target if you were 45 and over, earned 10 million yen (\$98,000) at a big company or 8 million at a small-to-medium-sized company. Now, it's come down to 35 years and 9 million yen if you work for a major company or 6 million for a smaller one."

Mr. Shitara said companies used various methods to lay off workers. Small ones sud-

denly serve one to two months' notice, he said, foreign companies are "dry and cool," and companies with strong balance sheets tend to take their time, slowly picking at a worker's pride.

"I'm treated like dead wood," said a 54-year-old employee at a company in the entertainment-services field. For the past year, he said, his work had gradually been taken away from him, to the point where he had nothing to do. "Restructuring, it's another noun for firing," he said.

The manager at the computer-related company said he had been shifted from department to department before being offered midnight shifts — and when he refused those, he was asked to resign.

For those laid off, employment prospects are dim.

"My family insists that I don't resign from the company; they know it's difficult for me to find a new job," said the former manager of the entertainment-services company.

While they may not be confident that union negotiations will win them back their jobs, more than anything the laid-off managers want to change the way their companies go about restructuring.

"My company approaches individuals one by one," said the manager at the computer-related company. "It's the cheap and easy way to make people resign. I want to make the company change its way of management."

## Washington Tightens Belt, Expatriates Feel the Pinch

Bloomberg Business News

TOKYO — In the aftermath of the attack on Pearl Harbor, American diplomats here locked the embassy gate and, cut off from home, passed the time on a makeshift golf course. Now, many U.S. envoys again find themselves holed up, but without a putting green. This time, the problem is the budget battle in Washington, and its effects go beyond the diplomatic corps, even beyond U.S. businesses abroad.

Early in the autumn, the State Department trimmed the cost-of-living adjustment it paid its employees in Tokyo, one of the world's most expensive cities. That caused widespread alarm among bureaucrats and business people alike, as some companies — and not just American ones — use the government's calculations to help set wages for expatriate employees.

But while diplomatic staff cut back on lunches and activities outside the embassy, Walter F. Mondale, the U.S. ambassador to Japan, said business people had been "an unintended victim" of Washington's move. He said he was working to get the cost-of-living adjustment back up again, a move that would benefit all those whose compensation in Japan is based on the U.S. index.

The State Department blamed the reduction on a standard recalculation of indexes that measure currency-exchange rates, prices and inflation rates. An embassy spokesman said a new survey of living costs in Tokyo had been sent to Washington.

## POSCO Forecast Dour

SEOUL — Pohang Iron & Steel Co. said Tuesday that reduced demand for steel and cuts in export prices would slash profits next year, forcing the company to forgo expansion and reassign hundreds of employees in an effort to reduce costs.

POSCO said net profits for 1996 would plunge 13 percent, to 693.8 billion won (\$898.0 million), on a slight increase in sales, to 8.23 trillion won.

"The steel industry is expected to suffer in 1996 in line with an overall downturn in world business," a spokesman said.

## Thai Stocks Slip After Market Regulator Resigns

Compiled by Our Staff From Dispatches

BANGKOK — Stocks fell Tuesday amid accusations by the Finance Ministry that the former head of Thailand's Securities and Exchange Commission, who quit Monday, broke financial oversight laws, but analysts said the charges could have been politically motivated.

Ekamol Kirirwat, also a deputy governor of the Bank of Thailand and an outspoken critic of the Thai government, resigned abruptly a day before Finance Minister Surakiat Sathirathai announced that he

had "sufficient evidence" to back up allegations that Mr. Ekamol had violated Thai laws relating to disclosure of "banking information." Mr. Surakiat would not elaborate on the accusations.

Mr. Ekamol, who headed the SEC since 1992, said he would resign in July after the government of Prime Minister Banham Silpa-archa took office, saying he feared political intervention, but the prime minister and Mr. Surakiat persuaded him to stay by promising independence for the regulatory body.

"The timing of Ekamol's resignation is a surprise," said Isarapol Kumsorn, an analyst for Wall Street Finance & Securities PLC. "But it demonstrates how much trouble regulators are having with the new administration."

The Stock Exchange of Thailand index closed Tuesday at 1,278.94, down 2.73.

Last week, Mr. Ekamol was not reappointed to the board of directors of Thai Airways International PLC, in which the Finance Ministry owns a 93 percent stake. (Reuters, Bloomberg, AFP)

## Investor's Asia

Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
10000	2300	21000
9517	2200	19250
9033	2100	17500
8550	2000	15750
1995	1995	1995
Exchange Index	Tuesday Close	Prev. Close
Hang Seng	2,276.86	2,287.42
Singapore	2,206.60	2,206.60
Tokyo	19,904.72	19,775.41
Change	864.63	891.54
Change %	+0.34	+0.34
Composite Index	2,276.86	2,287.42
Change	864.63	891.54
Change %	+0.34	+0.34
Stock Market Index	5,105.37	5,153.28
Change	2,568.53	2,560.65
Change %	+0.18	+0.18
Composite Index	5,105.37	5,153.28
Change	2,568.53	2,560.65
Change %	+0.18	+0.18
Stock Market Index	2,130.61	2,130.61
Change	3,110.49	3,110.49

Source: Reuters International Herald Tribune

## Very briefly:

India's state of Maharashtra will unilaterally decide the value of a contract to replace a canceled \$2.8 billion deal awarded to Enron Corp. to build a power plant.

Ford Credit International is to form a venture in India with the automaker Mahindra & Mahindra Ltd. and Kotak Mahindra Finance Ltd. to finance purchases of Ford vehicles.

Modi Luft Ltd., a leading Indian airline, rejected an 870 million rupee (\$24.9 million) takeover bid by the Damania Airways Ltd. unit of NEPC Group.

Acer Inc., the Taiwan computer maker, said 1995 net profit would be about 10 billion Taiwan dollars (\$366.6 million) on sales of about 150 billion dollars.

Japan's Ministry of Posts & Telecommunications plans to raise the amount of postal insurance funds to be invested in stocks by 70 percent, to 1.7 trillion yen (\$15.66 billion), for the coming fiscal year from the current year; it is the first increase in three years.

Daiwa Securities Co. said the number of mergers and acquisitions involving Japanese companies in 1995 rose 7.2 percent from a year ago, to 532; the value totaled 1.57 trillion yen.

Itosha Corp. is to take a 10 percent stake in Siam Strip Mill Public Co., a new Thai maker of hot-rolled steel coils which will be capitalized at about 20 billion yen (\$195 million). The mill will be 60 percent owned by the Siam Steel Pipe group.

Samsung Display Devices Co. is to enter a \$600 million joint venture to produce color-picture tubes in China. Samsung will control 80 percent of the Shenzhen venture, while Modern Advancement Co. of China will take the other 20 percent.

La Tondena Distillers Inc., the largest Philippine distiller, is to form a joint venture with United Distillers PLC to make and distribute such British liquor brands as Gordon's Gin and Johnnie Walker Scotch. (AFP, AP, Bloomberg, Reuters)



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At the time of acquisition of the Instructions to Bidders and the Contract Documents, the company shall present a letter containing name and department of the person for contact, his/her complete mailing address, phone and fax.

The delivery of the Qualification Documents and the Price Bids will take place on March 05, 1996, at 2:00 P.M., at COPEL's Superintendência de Obras de Geração meeting room, in Curitiba, 233 Voluntários da Pátria Street, ground floor.

The competition will be ruled by Law n. 8666, dated June 21, 1993, and by other conditions established in the Instructions to Bidders and in the Contract Documents.

**COMPANHIA PARANAENSE DE ENERGIA**

## LINES: Extra Home-Phone Connections Proliferate

Continued from Page 11

tional deal, the cost of installing an extra line can easily surpass \$100; federal regulations prohibit discounts on monthly service for additional phone lines, so the operating costs add up as well.

The second home line is not a new concept, of course. Bell Atlantic Corp. and other local phone companies have promoted them for two decades, mainly for parents of teenagers. But for years, additional lines were installed in fewer than 5 percent of homes. That began to change about three years ago, telephone executives say, setting the stage for the surge of the past year.

Several trends are propelling that demand. Link Resources estimates that 39 million Americans now conduct some form of business at home. Roughly a third of those people have more than one phone line.

In addition, the rise in personal-computer use has turned many homes into either exten-

sions of the office or launching pads into cyberspace. About 10 million people subscribe to on-line services such as CompuServe, a unit of H&R Block Inc., and America Online Inc., and millions more tap into the Internet directly through access providers such as UUNET Technologies Inc.

In all, Link Resources estimates that 41 percent of households with extra phone lines subscribe to an on-line service.

"The superhighway segment is our most rapidly growing group," said Karen Barnett, product manager for additional lines at Southwestern Bell Telephone Co., a unit of SBC Communications Inc. The company recently installed its one millionth additional line, out of a total of 9.6 million residential lines.

Perhaps surprisingly, however, phone companies have mixed feelings about the trend. Some welcome any new source of revenue, especially in the residential market, where profit margins tend to be smaller than for business service.

But for others, second household lines may not generate enough money to justify the costs of providing them.

In New York, for instance, Nynex Corp. — which has 11 million residential lines and has installed 1.3 million additional lines — puts in extra lines only on request and does nothing to encourage the practice.

Judith Haber, vice president for individual communications services at Nynex, said the booming demand could outstrip the company's capacity to provide service of an acceptable quality.

In fact, the same trends propelling the demand for second phone lines may eventually render them obsolete. Telephone companies are already marketing a new generation of circuits called integrated-services dig-



Source: Link Resources

ital networks that can carry voice and data simultaneously over a single line — and transmit the data 10 times as rapidly as copper phone lines.

In addition, fiber-optic glass strands promise to eventually bring even higher capacity single-line connections into households.

Meanwhile, cable television companies are gearing up to offer data transmission, telephone service and television programs through the single coaxial cable running into each subscriber's home.

That is not to say that everyone will take part in the newest technology, just as not everyone signed on for the second car a generation ago.

"My mother still owns a rotary phone," Mr. Phillips said. "She's incredulous at our setup."

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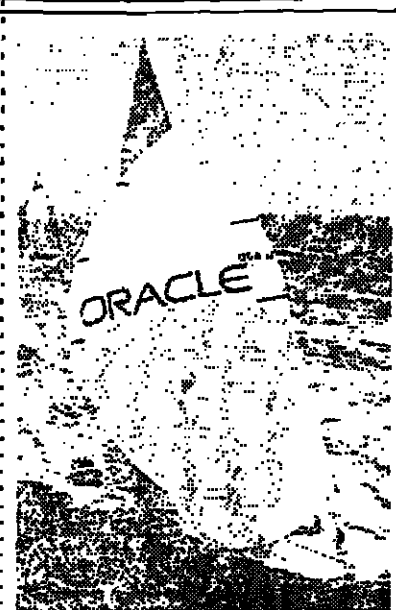
**Herald Tribune**  
THE WORLD'S DAILY NEWSPAPER







## WORLD ROUNDUP



Sayonara leading the Sydney-to-Hobart race from the start.

### Sayonara Leads Fleet

**SAILING** The U.S. maxi Sayonara, owned and skippered by Larry Ellison, a software billionaire, led the fleet out of Sydney Harbor in the 51st Sydney-to-Hobart yacht race and a possible race record.

"This is just total relaxation," said Rupert Murdoch, the media tycoon who is in the crew. "People think of nothing else when they're on a boat but racing. It's a terrific stress reliever."

With 15- to 18-knot northeast breezes forecast, Sayonara has a chance to break the race record of 2 days, 14 hours, 36 minutes, 56 seconds set in 1975 by Jim Kilroy, an American skipper, in the U.S. maxi-yacht Kialoa III. (Reuters, AP)

### Cullinan Resists England

**CRICKET** Daryll Cullinan's dashing batting led South Africa to 230 for four wickets at the close on the first day of the fourth test Tuesday against England in Port Elizabeth. The 28-year-old finished the day with an unbeaten 83. His fourth wicket partnership of 118 with Jonty Rhodes rescued South Africa from a precarious 89 for three wickets after Hansie Cronje won the toss and opted to bat first on a slow wicket.

Australia reached 234 for three wickets on the first day of its second test against Sri Lanka in Melbourne. However, the Australians' batting was overshadowed by the bowling of the Sri Lankan off-spinner Muttiah Muralitharan, who was no-balled seven times for illegal deliveries in three overs by the umpire, Darrell Hair, and afterward warned to change his bowling action by the International Cricket Council before switching ends without further incident. (Reuters)

### Coach Changes His Mind

**FOOTBALL** Glen Mason, who resigned last week as coach at Kansas University to take over at Georgia, has changed his mind and will remain with the Jayhawks. Georgia hired Jim Donnan of Marshall as its new coach instead. Donnan led Marshall to 64 victories and one Division I-AA championship in six years. (AP)

### Libya to Resume Sports

Libya is reviving its sports teams, banned more than a decade ago by Colonel Moammar Gadhafi, to show that the country can function despite UN sanctions. The state-run television station said sports competitions will resume Jan. 12. (AP)



George Weah celebrating a goal for Paris St-Germain.

## Weah Did Not Win Prize That Matters

International Herald Tribune  
George Weah is becoming all things to all men.

In November, he was voted Africa's footballer of 1995, ahead of Japhet N'Doram of Chad and Finidi George of Nigeria. On Tuesday, Weah was confirmed as Europe's Player of the Year, polling more votes than Jürgen Klinsmann and Jari Litmanen. On the eighth night of the New Year, FIFA will honor Weah as the finest footballer in the world.

Can so much acclaim all be wrong?

In terms of skill, there can be no quibble. Africa's contribution to the international game, its production of skilled, at times hypnotic ballplayers, has for some time illuminated the world's overcoached leagues.

George Weah is perhaps the symbol of recognition Africa's playgrounds deserve. Come the hour, come the Weah, born in Monrovia 29 years ago, blessed with pace, power and potency equal to any contemporary goal-chaser.

He moves his 1.84 meters and 77 kilograms (6 feet and 169 pounds) into areas of pain. He rides challenges with muscle and poise. He wriggles, turns, shoots with fearless instinct.

But as awesome as the physical attributes can look, it is the mental courage to try and try again that is the mark of a modern striker. Weah by no means scores every time he should, but he seldom hides, seldom shirks responsibility to shoot and miss if need be, and to shoot again.

Though he left his native Liberia the better part of a decade ago, he has cult status there. After 45 appear-

ances for his homeland, he has inspired Liberia's first-ever qualification for the African Cup of Nations, the final rounds of which begin in Johannesburg on Jan. 13.

This is trumpeted by FIFA Magazine as "The Weah Miracle." Liberia, FIFA acknowledges, is a country torn apart by a civil war that has sent a million and a half inhabitants fleeing for their lives. But, the magazine insists, "Football is accorded a privileged status in this battered and plundered country, three-quarters of which has been destroyed. Whenever Lone Star — as the national squad is called — is playing everyone immediately downs his arms, everything comes to a standstill and the party begins."

Liberia's national team players are mercenaries in the leagues of Germany, Switzerland, the Netherlands, France and Italy, but Weah is the catalyst.

"He is a mixture of godfather, coach, forward, captain, organizer, financier, provider and, occasionally, even nurse," states FIFA.

The magazine's local informant, reporter Kenneth Jackson, offers this eulogy: "Weah is like a flame for us. As long as it burns, we can forget the suffering and pain, we can dream of freedom."

How could such a man be anything less than player of the year, player of the millennium? It must have seemed small-time theater when Weah arrived in Milan last summer, his eighth career move from humble be-

Soccer / Rob Hughes

ginnings with Young Survival Clara Town, and the publicists clad him in an emperor's robes and crown.

But even in Italy, where money sooner or later buys every great soccer talent, Weah can do no wrong. A practicing Muslim in a Catholic land, he tells the people:

"I ask God to make me victorious in the game and to make me score — but only if those are the right things for me to be given. I always pray with that 'if.' You can't say to God 'Give me money.' You can say 'I'd like to have more money, but only if it doesn't give me an unfair advantage.' He understands that."

Weah, too, understands mankind. Fabio Capello, his coach at Milan, says it takes only a short time to realize that his new center forward is that rare combination of extraordinary talent and great man.

George Weah knows God so well, knows the teachings of Martin Luther King and Malcolm X, and knows where he is coming from and going to. "In Africa, I became a European," he tells an interviewer. "In Europe, I've become African."

All things to all men. It seems churlish to ask if he really merits the accolades.

It was good that France Football, the organizer of the European Footballer of the Year, opened up its 40-year poll to world players who perform for European clubs. Good that 10 of the 50 names admired by journalists from 50 countries encompassed the fine individuals from as far as South America

and Africa. But it used to be a prerequisite that winners of the Golden Boot were achievers. Weah played half the year for Paris Saint-Germain, which, despite wealth unparalleled in France, lost its championship to Nantes, for whom N'Doram played consistently well.

PSG reached the semifinal of the European Champions' Cup, where it came up against AC Milan.

Now was the test for Weah. Could he score against the likes of Franco Baresi and Paolo Maldini? In Milan's San Siro Stadium he was the invisible. Paris was beaten, if we must say so, by a team superior, by a Serb, Dejan Savicevic, who won no votes in the polls but who scored two exquisite goals.

Weah's response to criticisms — mine to the fore — that he appeared not to be giving his best was dismissive: "That is absurd," said Weah. "I play every match 100 percent! But as an attacker I can only score if the ball is played for me, and in that semifinal it was not George Weah who played badly, it was the team."

To my eye Weah, so often the proud inspiration of team morale and so able to turn bad balls into good goals, set the mood of acquiescence that night.

Clearly my view is in the minority. Weah, according to administrators in Africa, to journalists across Europe, to Silvio Berlusconi — who paid millions for him and used the Berlusconi media machine to promote him — and according to the coaches of national teams who are FIFA's judges of Player of the Year, all say Weah is the best.

Rob Hughes is on the staff of The Times

## Atlanta Upset of 49ers Sent Waves Across NFL

It Affected Both Playoffs and Draft

By Timothy W. Smith  
New York Times Service

**NEW YORK** — Few games were as much interest throughout the National Football League this season as Atlanta's upset victory against the San Francisco 49ers.

Not only did it have an impact on several teams in the playoff race, it affected this spring's draft. And in the aftermath, there remained a question of what kind of shape the Falcons quarterback, Jeff George, would be in for next Sunday's wild-card game at Green Bay.

George, who left the game Sunday with a sprained neck with 1 minute 53 seconds to play in the first half, had X-rays taken of his head and neck later that night, but no serious damage was found.

The backup quarterback, Bobby Hebert, led the Falcons to the shocking 28-27 victory, but George is expected to start against the Packers. He is scheduled to work out with the team this week, although he will avoid contact drills.

The playoff appearance is only the fifth for the Falcons in their 30-year history, but the consequences of their victory were greater than that. The game was of keen interest to the Vikings, Bears, Cowboys and Colts.

The Bears and Vikings were rooting for San Francisco because an Atlanta loss was their only hope of making the playoffs.

The Cowboys and Colts were rooting for Atlanta, but for different reasons.

The Cowboys wanted the 49ers to lose because that would give them a chance to reclaim the home-field advantage through-

out the playoffs. The Cowboys still had to beat the Arizona Cardinals on Monday night to get it, but they would have had no chance if the 49ers had won.

The Colts were pulling for Atlanta because a Falcons victory would bolster their draft this spring. That's because when the Colts traded George to Atlanta in 1993, the deal called for them to receive a first-round draft choice in 1996 if the Falcons won nine or more games this season.

Anything fewer than nine victories would have meant a second-round pick for Indianapolis, and the Colts already had sent their own first-round pick to Tampa Bay in the last off-season as part of the trade for the quarterback Craig Erickson. Atlanta might lose on another level, too. George will be an unrestricted free agent at the end of the season and has turned down a contract offer from the Falcons.

But for now, Atlanta's focus is on the Packers. The Falcons will not do anything special to adjust to Green Bay's weather. The Falcons plan to arrive on Saturday.

George is far from Atlanta's only offensive threat. The Falcons accomplished something this season that had never been done in the NFL. Four of their players gained more than 1,000 yards and George passed for more than 4,000 yards.

The running back Craig Heyward rushed for 1,083 yards; the receiver Eric Metcalf had 103 receptions for 1,189 yards; Bert Emanuel had 74 catches for 1,039 yards; Terance Mathis caught 78 passes for 1,039 yards, and George completed 336 of 557 passes for 4,143 yards, 24 touchdowns and 11 interceptions.

## Cowboys Win As Smith Runs For a Score And a Record

The Associated Press

**TEMPE, Arizona** — With the clock winding down in a lopsided game, Emmitt Smith of the Dallas Cowboys was getting impatient.

"You have a tendency to think that it's never going to happen," Smith said after setting a National Football League record for touchdowns in a season with 25 when he scored standing up with 5:49 left in a 37-13 Dallas victory Monday night over the Arizona Cardinals.

Earlier, Troy Aikman threw for 350 yards, with scoring strikes of 25 and 48 yards to Kevin Williams, and Brock Marion scored on a 32-yard interception return. The two touchdowns by Williams were his first two of the season, and he finished the year with a flourish, catching 19 passes in his last three games, compared with 19 in his first 13 games.

"I'm glad all the guys scored, and I didn't recommend to anyone to go out of bounds at the one-yard line on my account," Smith said. But he acknowledged that he wanted badly to pass the record of 24 touchdowns that John Riggins scored for Washington in 1983. "The only thing I could see was the goal line — the stripes on the ground — and I knew I wasn't over it," said Smith, who broke a tackle at the two-yard line before scoring.

Smith, who had the rushing title wrapped up before the game, has 100 TDs for his career, tied for ninth on the NFL list. His 96 rushing TDs, including all 25 this season, have him fifth in that category, 10 behind the career leader, Jim Brown.

The Cowboys (12-4) earned home-field rights throughout the NFC playoffs after thinking they'd blown it by losing to Washington and Philadelphia in back-to-back games earlier this month. They regained control of their destiny when Atlanta upset San Francisco on Sunday.

"It's been what? Thirty hours?" Dallas' owner, Jerry Jones, said. "So we've had the most dramatic change conceivable — from not even winning the division and having to go into the playoffs as a wild card to winning the whole thing."

Aikman, who has said he might consider retirement after the season, was much more encouraged after leading the Cowboys to



In the game against the Arizona Cardinals, Dallas running back Emmitt Smith scored to set an NFL record of 25 touchdowns in a single season.

their fourth straight season of 12 or more victories.

Larry Centers and Aeneas Williams, two of Arizona's four Pro Bowl selections, provided what little relief there was for the Cardinals (4-12). Centers caught 12 passes

to set the NFL season record for receptions by a running back. He finished the game with 101, surpassing Roger Craig's 10-year-old standard of 92. And Williams got the only Arizona touchdown with a 4-yard interception return.

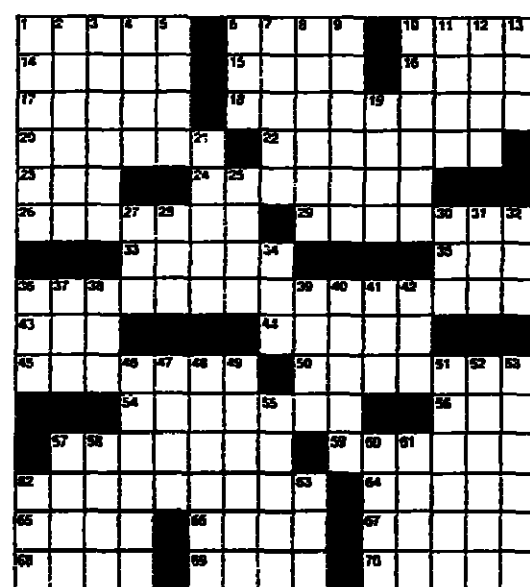
## CROSSWORD

**ACROSS**  
1 Former Toyota model  
6 Grenades, e.g.  
10 This may be tiled  
14 Church recesses

15 Rooster's place?  
16 Humorist Sontag  
17 "Roméo and Juliet" event  
18 Slight trace  
20 Gaping, as the mouth

22 Dizziness  
23 Bat wood  
24 Indulge, in a way  
25 Type of servitude  
29 1 + 1 = 3, for example  
31 Noted name in puppetry  
32 Buzz  
36 Theme of this puzzle  
43 Birds' leather  
44 Woody vine  
45 Trail conference  
50 Whole lot of apples  
54 Marilyn role  
56 Transfer  
57 Actress De Mornay  
59 Most lucid  
62 Unfavorably known  
64 Eastern princess  
65 Swear  
66 Spider nests  
67 Trimming tools  
68 Cross product  
69 Narrow valley  
70 Is not allowed to, for short

10 Enumerate  
11 Not a copy: Abbr.  
12 Melville classic  
13 Cooler  
18 "I'd consider — honor"  
21 Subject for Aristotle  
26 — Beach, Fla.  
27 Brooklyn's network  
28 "Wonderful!"  
30 Quack score in baseball  
31 "I didn't know that!"  
32 Approval  
34 M. C. C. C.  
35 Santa's laughs  
37 "— Loved You" ("Carousel" hit)  
38 Bit  
39 Bad check  
40 Single-season home-run king  
41 United  
42 Churchill symbol  
44 Jostles  
45 Literally, farmer  
46 Following a curve  
49 Flinch  
51 Violent agitation  
52 Hidden  
53 Fashion maven's quest  
55 Honor's word  
57 Meander  
58 — collar  
59 Composer Khachaturian  
61 Zieh  
62 Be off guard  
63 Break a Commandment



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Solution to Puzzle of Dec. 26

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## SPORTS

# Christmas Shopping for World Series

## Orioles and Cardinals Steal a March for Next Season

New York Times Service

**N**EW YORK — If off-season aggressiveness could be converted into championships and awards, the St. Louis Cardinals and the Baltimore Orioles would meet in the World Series next October and their general managers would be the executives of the year.

Walt Jocketty, beginning his second year as the Cardinals' general manager, and Pat Gillick, in his first weeks out of retirement, have dazzled their colleagues with lightning-like maneuvers.

As major-league baseball settles into its traditional week of off-season Christmas and New Year's — that is not to say general managers won't be working their home telephones or sneaking into their supposedly closed offices — the Cardinals and the Orioles appear to have improved themselves the most with trades and free-agent signings.

In the last two weeks, Jocketty acquired the shortstop Royce Clayton from San Francisco and signed third baseman Gary Gaetti, left fielder Ron Gant and starting pitcher Andy Benes, while Gillick traded for a starting pitcher, Kent Mercker, and signed the second baseman Roberto Alomar, third baseman B. J. Surhoff and the relief pitcher Randy Myers.

The same teams had already made significant other additions, each attracting a manager with a winning record.

Tony LaRussa was looking to leave Oakland after 10 years, and the Cardinals lured him to the National League for the same \$1.5 million salary he was earning in Oakland. Davey Johnson wasn't looking to leave Cincinnati, but the owner sent him on his way in spite of a division championship last season. The Orioles, who passed up the chance to hire Johnson a year ago, grabbed him this time.

Gillick and Johnson in Baltimore, and Jocketty and LaRussa in St. Louis, are the beneficiaries of favorable ownership circumstances.

Peter Angelos has owned the Orioles

## Baseball/Murray Chess

for two years and is eager to reward the fans who fill Camden Yards every game with a championship. The only other team in the American League that sells out game after game is the Cleveland Indians, and they played in the World Series last October.

The Cardinals were sold only last week, and the new ownership group must go through the approval process. But the new group has made itself felt and heard.

"We want to win now," Frederick Hanover, a St. Louis lawyer who heads the new group, has said.

The new owners want to win because they know they need a winning team to attract fans back to the ballpark. Based on their average crowd last season, the Cardinals would have fallen short of 2 million attendance for a full 1994 schedule. Before there was Camden Yards and before there was the Skydome, the Cardinals were a top-drawing team, attracting more than 3 million fans in 1987 and 1989.

Under the Anheuser-Busch ownership, which ultimately allowed the payroll and the attendance to drop, the Cardinals had lost their way to first place.

**T**HEIR new players, of course, do not give the Orioles and the Cardinals guarantees of finishing first in their respective divisions.

The Boston Red Sox, who won the American League East championship and finished 15 games ahead of the Orioles, have re-signed Jose Canseco and, in free-agent maneuvers, have swapped catchers, Mike MacFarlane for Mike Stanley, and starting pitchers, Erik Hanson for Tom Gordon. But they also have let Rick Aguilera, their closing pitcher, leave and must replace him.

The Yankees, who finished eight games ahead of Baltimore, have re-signed David Cone and Wade Boggs and

engaged in swaps of their own — Don Mattingly for Tim Lincecum, Stanley for Joe Girardi, Dwight Gooden for Jack McDowell and Sterling Hitchcock, and Randy Velarde for Mariano Duncan.

On paper, both the Red Sox and the Yankees appear to have lost more than they have gained, meaning they will be harder pressed to hold off the Orioles. But the 1996 season doesn't begin until March 31, leaving much time to make additional moves.

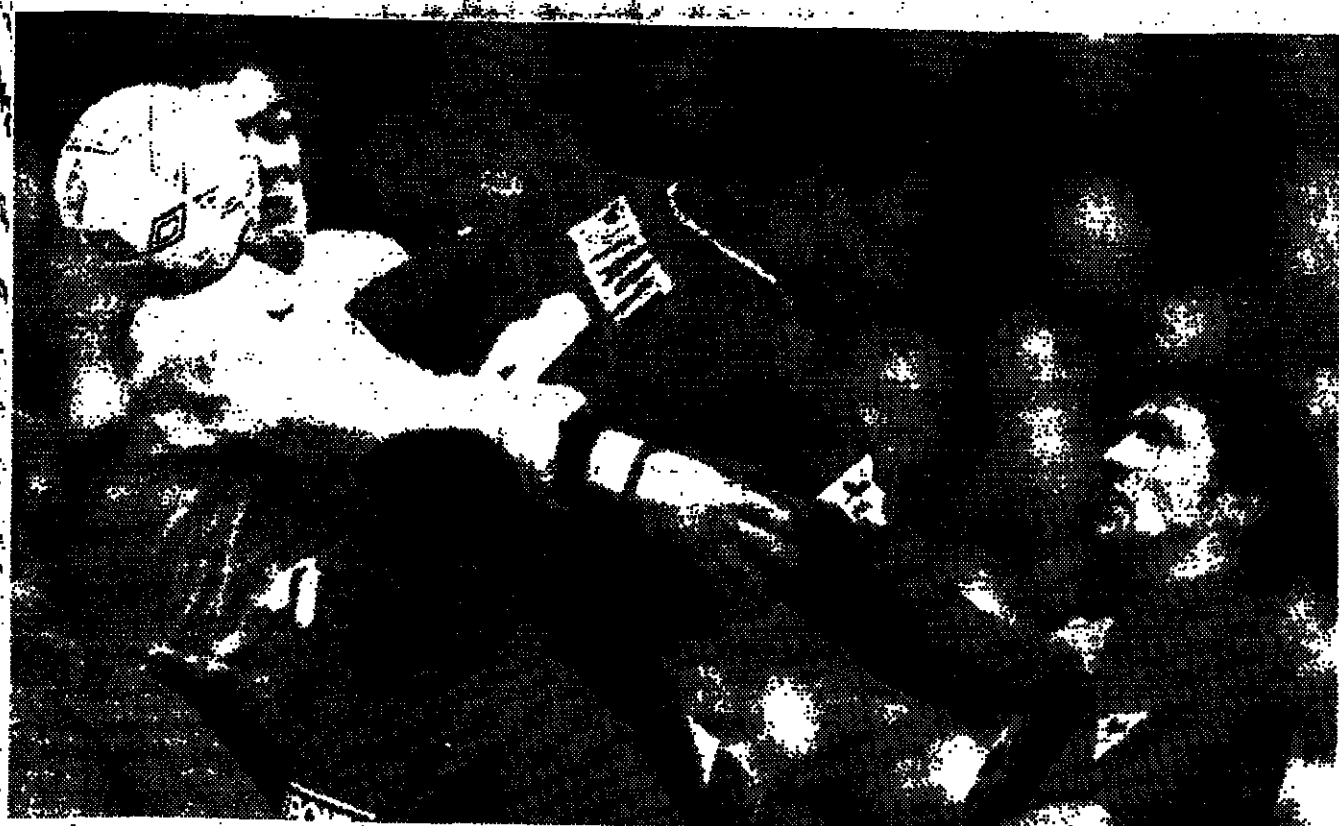
The Cardinals ended last season an even greater distance from first place in the National League Central, 22½ games behind the Reds in fourth place. But the Reds have lost Gant; Houston has made its major expenditure to retain Craig Biggio, and the Chicago Cubs don't appear even to be running in place.

Moreover, the Cardinals aren't finished making moves. The signing of Gant gives them an extra starting outfielder, which means they have a good one — Bernard Gilkey, Ray Lankford or Brian Jordan — to trade for a second baseman. They tried hard to lure Biggio away from the Astros but failed, leaving them looking for what the new owners view as a crucial player.

"The Cardinals have never won a pennant without a good second baseman," said another member of the new owners group, Andrew Baur, a bank chairman. "You go from Hornsby to Frisco to Rod Schoendienst to Julian Javier to Tommy Herr. I think the key to this team would be to get a good second baseman."

There could be one other key: The new owners will have to let Jocketty do his job. They, of course, wouldn't think otherwise. "We don't want to interfere with the operation," Baur said. "There's nothing worse than a George Steinbrenner-type owner."

Steinbrenner, it should be recalled, said on that fateful day nearly 23 years ago when his group bought the Yankees that he didn't intend to be involved in the day-to-day operation of the team.



**ROUGH AND TUMBLE** — Roud Gullit, of Chelsea, grabbing Wimbledon's Mick Harford in a Premier League game as Hans Segers and Efan Ekoku chase the ball. Later, Vinnie Jones was sent off for fouling Gullit. Wimbledon won, 2-1.

# For Orlando Magic, Revenge Is Sweet

The Associated Press

Orlando is still drawing on a lesson learned in the National Basketball Association finals.

Regular-season success against the Houston Rockets is nice, but it doesn't

## NBA ROUNDUP

guarantee anything against the two-time defending champions when the games count most.

The Orlando Magic won both regular-season meetings between the teams last winter, only to lose four straight to the Rockets in the final round of the playoffs.

"It was just another basketball game to me," Coach Brian Hill said after Antwan

Hardaway and Shaquille O'Neal each had 22 points for Orlando, which blew a 13-point lead and fell behind by 8 in the fourth quarter before overtaking the Rockets.

"We'll take a win any way it comes, but I was a little disappointed," Hardaway said. "We had them down and they came back. It seemed like déjà vu from the finals."

Hakeem Olajuwon led the Rockets with 30 points, but his basket to start the final quarter was his last. Scottie Pippen rebounded the All-Star center's airball with 24 seconds left, setting the stage for Hardaway.

The All-Star point guard let the shot clock run down to six seconds before starting from the top of the key and moving toward the right side of the basket to rise above Mario Elie of Houston.

The ball hit the rim, banged off the glass, rolled around and fell in.

Spurs 108, Suns 100 Sean Elliott scored 10 of his 28 points in the fourth period and David Robinson finished with 25 points and 10 rebounds as visiting San Antonio overcame a 12-point, second-half deficit to win its winning streak to six.

"We never counted ourselves out," said Elliott, who has teamed with Robinson this season to average nearly 50 points and 18 rebounds a game. "We were never down and out. Even if we're down by 10 points with five minutes left, we still feel like we can get it done."

Charles Barkley had 29 points and 15 rebounds for Phoenix, which was outscored 14-3 in the final 3:40 and lost for the fifth time in eight games.

## SCOREBOARD

FOOTBALL									
FINAL NFL STANDINGS									
AMERICAN CONFERENCE									
AFC EAST									
W	L	T	Pct.	PF	PA	W	L	T	Pct.
10	6	0	.625	320	335	10	6	0	.625
9	7	0	.563	331	316	9	7	0	.563
9	7	0	.563	294	332	9	7	0	.563
6	10	0	.375	294	277	6	10	0	.375
3	13	0	.188	233	384	3	13	0	.188
AFC NORTH									
W	L	T	Pct.	PF	PA	W	L	T	Pct.
11	5	0	.688	407	327	11	5	0	.688
10	6	0	.625	349	324	10	6	0	.625
9	7	0	.563	324	324	9	7	0	.563
8	8	0	.500	324	324	8	8	0	.500
4	12	0	.250	275	404	4	12	0	.250
AFC SOUTH									
W	L	T	Pct.	PF	PA	W	L	T	Pct.
10	6	0	.625	321	321	10	6	0	.625
9	7	0	.563	324	324	9	7	0	.563
8	8	0	.500	324	324	8	8	0	.500
8	8	0	.500	348	332	8	8	0	.500
AFC WEST									
W	L	T	Pct.	PF	PA	W	L	T	Pct.
10	6	0	.625	321	321	10	6	0	.625
9	7	0	.563	324	324	9	7	0	.563
8	8	0	.500	324	324	8	8	0	.500
8	8	0	.500	348	332	8	8	0	.500

BASKETBALL									
NBA STANDINGS									
EASTERN CONFERENCE									
W	L	T	Pct.	PF	PA	W	L	T	Pct.
11	5	0	.688	407	327	11	5	0	.688
10	6	0	.625	349	324	10	6	0	.625
9	7	0	.563	324	324	9	7	0	.563
8	8	0	.500	324	324	8	8	0	.500
4	12	0	.250	275	404	4	12	0	.250
WESTERN CONFERENCE									
W	L	T	Pct.	PF	PA	W	L	T	Pct.
10	6	0	.625	321	321	10	6	0	.625
9	7	0	.563	324	324	9	7	0	.563
8	8	0	.500	324	324	8	8	0	.500
8	8	0	.500	348	332	8	8	0	.500

TRANSITIONS									
BASEBALL									
AMERICAN LEAGUE									
W	L	T	Pct.	PF	PA	W	L	T	Pct.
10	6	0	.625	321	321	10	6	0	.625
9	7	0	.563	324	324	9	7	0	.563
8	8	0	.500	324	324	8	8	0	.500
8	8	0	.500	348	332	8	8	0	.500

NATIONAL LEAGUE									
W	L	T	Pct.	PF	PA	W	L	T	Pct.
10	6	0	.625	321	321	10	6	0	.625
9	7	0	.563	324	324	9	7	0	.563
8	8	0	.500	324	324	8	8	0	.500
8	8	0	.500	348	332	8	8	0	.500

FOOTBALL									
NATIONAL FOOTBALL LEAGUE									
W	L	T	Pct.	PF	PA	W	L	T	Pct.
10	6	0	.625	321	321	10	6	0	.625
9	7	0	.563	324	324	9	7	0	.563
8	8	0	.500	324	324	8	8	0	.500
8	8	0	.500	348	332	8	8	0	.500

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## DOONESBURY



## CALVIN AND HOBBES



## WIZARD OF ID



## THE FAR SIDE



## BLONDIE

